

# BULLETIN

OF THE

## NATIONAL ASSOCIATION OF CREDIT MEN.

PUBLISHED MONTHLY BY

CHAS. E. MEEK, SECRETARY-TREASURER,  
41 Park Row, New York.

Entered as second class matter March 11, 1905, at the Post Office at New York, N. Y., under the Act of Congress of March 3, 1879.

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VOL. X }  
No. 7 }

NEW YORK, JULY 15, 1910.

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Proceedings of the Fifteenth Annual Convention of the  
National Association of Credit Men, held at the  
Grunewald Hotel, New Orleans, Louisiana,  
May 17, 18, 19 and 20, 1910.

Tuesday, May 17, 1910.

MORNING SESSION.

The opening session of the convention was called to order at 11 o'clock by President F. H. McAdow, who called upon the Rev. W. McF. Alexander, pastor of the Prytania Street Presbyterian Church to pronounce the invocation. Following the invocation the assembly sang the national anthem.

President McAdow—Mayor Behrman, who was to have extended this convention a greeting in behalf of the citizens of New Orleans, was unexpectedly called away from the city on business but he has sent a substitute who, I am quite clear, will be most acceptable, one with whom it would be well for us to get acquainted at the very beginning of our visit here. The address of welcome officially on behalf of New Orleans will now be given by Judge I. D. Moore, corporation counsel of the city. I take pleasure in introducing Judge Moore. (Great applause.)

ADDRESS OF WELCOME BY JUDGE I. D. MOORE.

*Mr. President and Gentlemen of the National Association of Credit Men:*

I am quite sure that the disappointment which your local committee experienced on learning that His Honor, The Mayor of the City of New Orleans, would not be able to be here this morning was much less than is the disappointment of the mayor himself in his enforced absence to-day. On Saturday evening he was suddenly called to Washington on a matter of great municipal concern, and, therefore, is denied the privilege of being with you to-day. He has conferred upon me the honor of representing him, an honor which I more than a little appreciate.

In the selection of myself to welcome you to the city of New Orleans, the mayor realized that it is not necessary to give a welcome set forth in brilliant phrase or embellished with the master touch of rhetorical display. In the presence of this great body that now honors our city, the rich swelling words of eloquence, and the soft, sensuous phrase of oratory lose their charmed power and we can but utter a hearty and sincere welcome which finds physical expression in the warm grasp of the hand, and its evidence in the attention, in the courtesies, in the care that we give to the comfort of the stranger within our gates.

Therefore, it is hardly necessary for me to say aught else than that you gentlemen are welcome here. But for the mayor and in his name, and indeed for the entire city of New Orleans, I beg you to accept assurance of the great pride that this city experienced when New Orleans was selected as the place for holding your annual convention.

Our people are now passing through an important history-making period in their existence, and they recognize the necessity and the superior advantage of having accredited representatives of all

business interests from every section of the universe, and particularly from this great nation, visit us, especially at this time.

Every one here present is, as it were, the vital spark of the various business interests which he may represent; every one of you is a court of last resort upon the question of the standing, reliability and responsibility, or to state it in a phrase, the credit of the customer with whom his particular house shall do its trading. True it may be that many of you are but the accredited representatives of the establishment in which you have no immediate or direct interest. None the less you are selected for the positions which you hold because of the recognition on the part of your respective principals of your eminent standing, your unassailable integrity and honesty, your experience, your tact and sense of discrimination and sound business judgment; and for these qualities we welcome you, and by reason of your possession of these qualities you honor us by your presence.

The people of New Orleans are renowned throughout the civilized world for their hospitality, and it would be on my part but tautology to praise and hyperbole to glorify it.

All desirable visitors are welcome most heartily at all times but I desire to add that men of your caliber are especially welcome at this particular period. We are glad to have you here to behold for yourselves the marked improvement in our commercial development and the ideal possibilities we may attain with encouragement and with a little assistance of a nature which men such as you can extend by speaking favorably of New Orleans as she really is and as she really should be. Our efforts will be to impress you with these facts during your sojourn with us. All that we ask is that you make known these conditions to the people of your respective centers upon your return to your homes.

It is in such a spirit that I take delight in meeting you and extending to you the warm and hearty greeting of the people of New Orleans,

"Holding old Homer's rule the best,

'Welcome the coming, speed the parting guest,'"

I welcome you here, and may God go with you when you return to your homes. (Great applause.)

President McAdow—The municipality's welcome is to be followed by another on behalf of the New Orleans association. In part these goods have already been delivered, but we are glad now to hear from Mr. Charles Janvier on behalf of the New Orleans association. (Great applause.)

ADDRESS OF WELCOME BY CHARLES JANVIER, OF THE NEW ORLEANS CREDIT MEN'S ASSOCIATION.

*Gentlemen of the Convention:*

A great many years ago William Shakespeare made the discovery, and generously gave it to the world in his play, King John, that it was "wasteful and ridiculous excess"

"To gild refined gold, to paint the lily

To throw a perfume on the violet,

To smoothe the ice, or add another hue

Unto the rainbow, or with taper-light

To seek the beauteous eye of Heaven to garnish."

To these instances, whose verity I am sure no one will dare question, another may to-day be added, for I feel quite certain that it will be "wasteful and ridiculous excess" for me to seek to supplement the words of welcome so fitly and graciously spoken by the distinguished and eloquent representative of the worthy Chief Magistrate of this city.

But I hold a commission which must, at all hazards, be executed, for the membership of the New Orleans Credit Men's Association who have entrusted me with it would in all probability find fault with their representative if he contented himself with a colorless "ditto" when they had instructed him to extend to you in their behalf a most cordial greeting and to express with all the force he could command or borrow their



*Second Vice-President*

J. W. SPANGLER

Dexter Horton National Bank, Seattle, Wash.

appreciation of the honor you have done them in meeting here to-day. (Great applause.)

And this greeting goes to you straight from the heart. It is un-mixed, unalloyed and undiluted. Were it susceptible of commercial rating and handled fairly it would go out as GAa from the offices of Bradstreet and as AAAI from those of Dun.

I take it that I am not expected to indulge in any additional "wasteful



and ridiculous excesses" and so I shall not tax your time and patience with any phrases extolling the greatness of New Orleans, painting the grandeur of her past, predicting the glory of her future and detailing the unquestioned and undisputed advantages she possesses from every standpoint.

All these are so manifest that to point them out and dwell upon them would be as unnecessary as to attempt to demonstrate the obvious.

Our virtues I believe will speak for themselves as acquaintance ripens. They have never failed to do so heretofore but if through some unaccustomed excess of shrinking modesty they should be suddenly stricken with unusual muteness I feel quite sure that in such a remote contingency other tongues more eloquent than mine will give them speech that will do them justice.

It will, however, require no flights of eloquence—the plain unvarnished truth simply told will suffice—to attract the earnest and thoughtful attention of wide-awake and progressive men to the golden opportunities New Orleans offers to brains, to labor and to capital—that glorious trinity of human forces which, when harmoniously united, "scatters plenty o'er a smiling land." (Applause.)

And right here permit me to say that we heartily welcome and extend the hand of friendship and good fellowship to any man or set of men who would seek to couple the advantages of nature and location that New Orleans presents with the backbone of their capital, the inspiration of their brains and the energies of their labor in the laudable endeavor to win through the successful union of these commanding influences, fortune for themselves and prosperity for our people. For we hold that no man can accumulate honest wealth without benefiting and enriching the community of which he forms a part.

The program of exercises which has been prepared gives a sufficiently full idea of the provision made for your entertainment during your visit and requires no elaboration at my hands, save in two instances which I believe to be of sufficient importance to warrant my bringing them to your particular attention.

With that whole-souled and illimitable generosity which from time immemorial has been the predominant trait in the banking character, our banks stand ready to cash to an unlimited extent your drafts and cheques provided of course the identification in each case shall be satisfactory or the security sufficient.

I have been credibly informed by persons in a position to know whereof they speak that those enterprising manufacturers whose aim in life is to allay the maddening thirst of humanity have against your coming laid in large supplies of those condiments which enter into the composition of their fabrics, from the dainty and blithesome gin-fizz to the statelier and more robust but not less seductive and inspiring cocktail, and that they stand smilingly ready to supply all demands which are accompanied by the proper price. (Laughter.)

In all other avenues of industry or entertainment I have been assured that adequate preparation has been made to satisfy the cravings of fancy and of appetite and ensure your having "a good time," and while it may be within the range of possibility to find better cheer elsewhere I know that you would find it impossible to get it anywhere in the wide world with better heart.

If by any chance, however, it should happen that you should not find exactly what you want we hope that you will generously discipline your fancy and your taste to make them yearn and hunger for what it

may be within our power to supply, bearing in mind that saying of the old cynic that the things we get and don't want are given to us to supply the places of those we want and don't get. (Laughter.)

Your coming has added to the sum of our happiness and if our wishes for your welfare could take substance and form, your paths would be strewn with flowers and the atmosphere around you made perpetually sweet through their fragrance.

We hope that your deliberations will be fruitful of great benefit to the several enterprises with which you are connected.

We hope that you will be as glad that you came as we are in having you with us and that when you return to your homes you will carry with you such impressions of the place and its people as will invest your moments of retrospection with the most pleasurable feelings. As for us we shall inscribe upon the tablets of our memory the date of your too brief sojourn in letters of a brilliant red which will only lose their brilliance when the tablets themselves shall have crumbled into dust. (Great applause.)

At the close of his address Mr. Janvier added:

May I intrude a few moments on your time and patience to speak a word on a question which at the present moment is holding the uppermost place in the thoughts and hearts of the people of Louisiana.

It is stated that in the year 1915 the Panama canal will be open to the trade of the civilized world. It is estimated by those who have intelligence enough to invest their admissions with weight, that the cost of this great and gigantic undertaking will be insignificant compared with the benefits it will give to the civilized world but more especially to this great nation of ours.

The conception was stupendous, the undertaking was still more so. It is a subject of just and reasonable pride that this nation of ours was the only country in the world that possessed the combination of talent and of courage and of money, to grapple with such an enterprise and to put it through to a successful culmination. It is through American genius that the great but unrealized dream of a great Frenchman, has been converted into a still more splendid fact, filled with a promise of great achievement along all the lines of commercial endeavor.

Such an event in our opinion is worthy of a celebration which will befit its importance; and we of New Orleans believe that this is the logical point where such an exposition should be held. (Loud and long-continued applause and cheers.)

New Orleans has been aptly termed the hub of the western hemisphere, and when the canal is open to the trade of the world her position will make her more accessible to the 180,000,000 of people who inhabit that hemisphere, than any other metropolis in the world. Sitting upon the banks of the Mississippi river in the last great bend of that lordly stream, within 100 miles of its mouth, mistress of a harbor capable of accommodating the fleets of the world, New Orleans is the great natural gateway through which the trade of this country will seek the new markets which will be opened to American commercial enterprise by the Panama canal and through which in return the products of the Central and South American countries will seek the markets of the United States.

A great American educator said about New Orleans that it was the sweetest mannered city in the world. I repeat this in no spirit of boastful conceit, but simply to support my less superlative, but

no less truthful assertion that the people of New Orleans, as I hope you will discover, have inherited or in some way acquired, and by wholesome practice have kept in healthy condition, those qualities which make hospitality something more than a name.

Our South American visitors will find upon the lips of thousands of our people theirs and kindred languages, while the manner and form of their entertainment will be naturally and spontaneously such as to make them feel more at home than could be the case in any other city in the civilized world.

But above and beyond all of this and something that will appeal especially to the people from that grand old section of our country of which New Orleans is the great metropolis, the South, the exposition means more than the aggrandizement of New Orleans and Louisiana, set back two decades at least by the ravages of war and reconstruction. The South through the unflinching courage and untiring energy of her people has improved the blessings showered upon her by bountiful Providence, and with unfurled banner and resolute heart is moving with giant strides along the road that leads to wealth and progress. Each day pays tribute to her power and adds to her potentiality in wealth and worth.

The Panama exposition will be held in the year which marks the end of the first half century since the close of the civil war. In that year this great country of ours should in some magnificent manner celebrate its golden jubilee of peace; and the Panama exposition will crystalize in one supreme expression of the grandeur and the glory of the South, its pristine as well as its acquired grandeur and glory, beside which we of the South believe that that which was once the pride of Greece and the boast of Rome will fade into comparative insignificance. (Enthusiastic cheers and long-continued applause.)

President McAdow—I am sure our hearts have already responded to these words of welcome, but we are now to have a response on behalf of our convention, put into formal expression by Mr. W. G. Walker, of Boston, Massachusetts. (Great applause.)

Mr. Walker—I think that I speak the views of all the visitors here when I say that the strong plea of Mr. Janvier for New Orleans for the Panama celebration has won hearts. I think we are all in favor of New Orleans for 1915. (Loud cheers.)

ADDRESS OF MR. WILLIAM G. WALKER, OF BOSTON, MASSACHUSETTS.

*Mr. President, Representatives of this Municipality and Gentlemen of the Convention:*

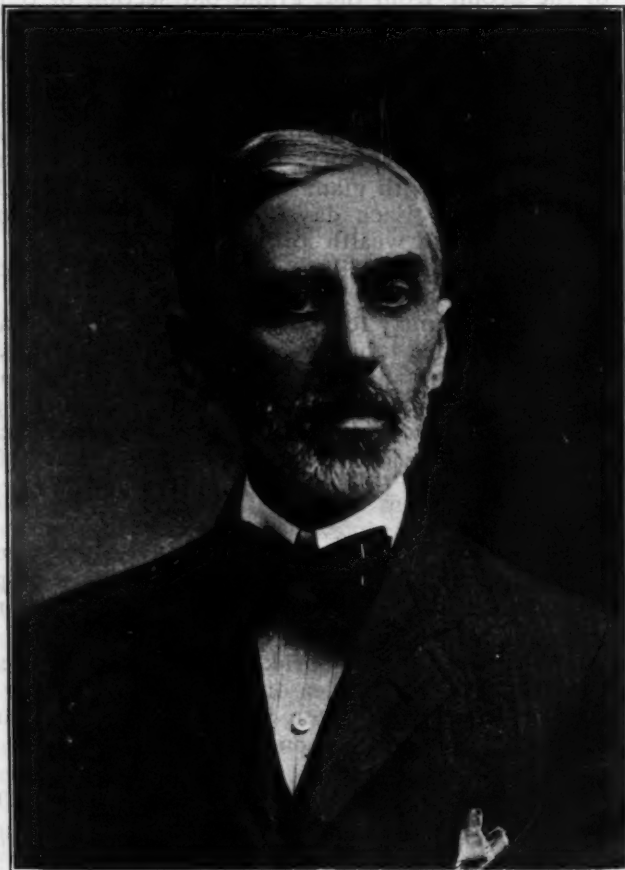
It is my pleasure, on behalf of all the delegates and visitors present and in the name of the National Association of Credit Men, to thank you, Judge Moore, for your welcome to New Orleans, and you, Mr. Janvier, and the members of the New Orleans Credit Men's Association, for this hearty greeting, and to express our deep appreciation of the welcome which has been so cordially and eloquently extended. With that hospitality so characteristic of your southern country you have already made us feel at home.

We know that as we engage in the serious work, the important work that we are gathered here to do, that you will look after our every need, minister to our every comfort, and send us home your debtors to an extent that will make prompt payment of our debt of

gratitude impossible and final payment difficult. We can only hope that the time is not far distant when you will give us the opportunity to try to balance the account.

All we fear is, that you will spoil us for the daily grind that we must resume after this week's happy combination of work and play in this altogether lovable and interesting city of New Orleans.

Your city is unlike any from whence we have come. Only here among all our American cities does one encounter that Southern European aspect so characteristic of the older sections of your city. The founding and the upbuilding of your city by the French, together with



*Director*

LEE M. HUTCHINS

Hazeltine and Perkins Drug Company, Grand Rapids, Mich.

the few years of Spanish occupancy, has indelibly stamped its impress on your history, civic thought, literature and music. There is a strange fascination about your French customs to those of us who visit your delightful city for the first time, and who are unaccustomed to the old-world charm that one finds still strongly entrenched in your midst.

I was born in the "Old Bay State" and I am proud of our old



Commonwealth, but I am prouder still of this great country of ours, and my heart is full at the thought that to-day we all meet here as brothers representing every section from the Atlantic to the Pacific and from the Great Lakes to the Gulf, all representing this grand organization of ours, which is doing its most important part toward the betterment of business conditions throughout the country. This organization is not only doing a great work, national in its scope, to improve credits, but it is doing the all-important work of bringing together representative men from all parts of this great country of ours. We come here and we consider those subjects that are near to our work, and we rub up against one another, and we will go home better credit men, better business men and better citizens for having been here.

The more of this get-together spirit that we can have, the better. No doubt you have all read that unique, heart to heart talk that ex-Senator Gordon of Mississippi gave in the United States Senate, and which was published in the April BULLETIN. There was a lot of common sense in that farewell address, and through it we must all have secured a better understanding of each other's problems.

In closing I wish to thank our hosts for the warm greeting so graciously extended to the ladies of our party.

No words of mine can adequately express our appreciation of the charm of your city and the warmth of your welcome; but our New England, or perhaps more properly speaking our American poet, Whittier has immortalized in his tribute to French character the sentiment which I have vainly tried to convey.

"Yet still, in gay and careless ease,  
To harvest field or dance

He brought the gentle courtesies,  
The nameless grace of France."

(Great applause.)

President McAdow—I am sure now we really begin to feel at home. Here with the fragrance of the magnolia about us in this land of the mockingbird and old fashioned New Orleans molasses, we have not much more to ask for; and we are sure from what we have already seen that New Orleans hospitality and welcome are just as ardent as the temperature of its climate.

I wish at this time to express my acknowledgment to the Pittsburgh association for the beautiful floral horseshoe which they have presented me, and to invite the convention to share with me its beauty and its fragrance. (Great applause.)

The next item on the program is one, I suppose, that has to be there under the constitution. The president has to deliver an address or a report, and by the same high authority it is your duty to listen to it now. (Great applause.)

#### Address of the President, F. H. McAdow.

##### *Gentlemen of the Convention:*

We have come to another milestone in the life of our Association. If we pause for a moment to look backward, to review the past, and recall the modest beginning of this organization, we may do so with a feeling of pride and satisfaction. We have been making history.

The earnest purposes, the wise planning, the zeal and courage of

the men who laid the foundations of our work, who declared its ideals, and whose hope and faith were the great incentives in its earlier growth, have been magnificently vindicated by its accomplishments.

But, while we rejoice in these successes as we gather here in our fifteenth annual convention, we will be paying a higher tribute to the past, if we look thoughtfully, hopefully and bravely to the future, and here highly resolve that past achievements shall only be standards by which to measure future progress; and that what has been so well begun shall be carried on more earnestly and vigorously, and to still greater success in the years to come.

Year by year our activities have greatly widened in their scope. Through our standing and special committees, we are now touching and influencing almost every phase and detail of commercial conditions which have a bearing upon the granting of credit. We are constantly setting in motion influences and undertakings which must be far reaching in their effects upon the future conditions of our commercial existence. In the multiplicity of these lines of effort, and with our more complex and varied organization, it is well to give constant heed to our course, to take frequent reckonings, and to be sure that we are not in any sense losing sight of our original purposes, or allowing unfavorable tendencies to divert us from our true goal—our real objective point.

The period covered by the life and work of our Association marks an epoch of unparalleled business prosperity and increase in national wealth and resources. Bountiful crops, increased manufacturing output, labor constantly employed at higher wages, and an annually increasing production of our monetary standard—gold, are conditions which have enlarged the purchasing power of our people, widened the demands of our home market, expanded credit, and led to more expensive, if not indeed to extravagant conditions of living and methods of doing business. In such a period of prosperity and expansion, commercial obligations have been met as a rule without difficulty. The relative rate of commercial mortality has been lowered, and with the exception of one or two short periods of temporary depression, there have been no clouds in the commercial sky. It may be mentioned as a matter for congratulation, and a source of satisfaction, that one of the commercial agencies has recently issued a statement commenting favorably upon the marked improvement in the record of commercial mortality, the low death rate, and by statistics and diagrams, illustrated the more stable financial conditions of the last thirteen years as compared with a preceding period.

In looking to the future, it is perhaps a wise conservatism which asks how long can this continue. Bankers, students of finance and shrewd dispensers of credit, are advising greater individual economy and expressing the belief that we are anticipating the future to a dangerous degree. They believe that the rapidly increasing high cost of living is a situation to be reckoned with, and that a remedy must be applied soon.

Whatever solution of the question may be reached by political economists and masters of finance, as credit men, we should keep in view the cardinal doctrine of our creed, that credit is held too cheaply, and in this period of greater expansion, see to it that our standards are not lost sight of or lowered. The universal declaration is that as a people we have been too prodigal of our resources and the demand of to-day is "conservation." We may well ask whether prodigality of credit is not also possible, and set ourselves more earnestly than ever before to reduce the economic waste resulting from unwise granting of credit. In doing this we come back to the original creed or declaration of principles

announced by the founders of our Association. Every form of work and activity represented by our various committees should be loyally directed to this one great purpose; and in accomplishing this, we shall have best contributed our part towards the solution of the economic problem before us.

I should not trespass upon your time in referring to the work of our committees. Their reports will speak for them. There are two departments, however, which may require our special thought: In membership, we have made during the year a little more than our usual average increase, and this is gratifying because increasing membership means greater prestige and increased power for good. But there is a growing feeling, as I see it, in our local associations, that character and quality of membership are more important and desirable than numbers alone. (Applause.) Experience is teaching that those who seek membership with us for the purpose of advancing their own business interests or of getting financial returns only for their individual houses, do not make *good* members. They are not actuated by altruistic motives, are not prepared, or are not willing to do the work of our Association from the standpoint of the general good of the business world, are often disappointed in consequence, and soon drop away, or become an element of weakness instead of an element of strength. They cannot be counted upon when real work must be done and sacrifice must be made to right conditions that are wrong. They are the weak links in the chain.

The resolution offered at the Philadelphia and Denver conventions indicated a developing conviction on this point that is working out for good. Some local associations have already taken steps to maintain a higher standard, and the conviction is growing that we must adhere more strictly to the requisites for membership declared in our constitution, and that only credit men in the sense there defined shall be eligible to a place in our ranks. We shall greatly increase our working power, if we adhere more strictly to this rule. (Applause.)

Another department of work which is in process of evolution is the Adjustment Bureau. The local associations which have added this feature have met with varying experiences. Some have reached a measure of success, others have abandoned the undertaking and others are in doubt as to its ultimate outcome. The bureaus exist in response to a legitimate and reasonable demand that more careful attention be given to the handling of bankrupt estates or bad debts. They too represent a call for conservation of assets and avoidance of waste. Their purposes and objects are defensible—they have a just and valid reason for their existence. They should be able to work out the logical and full fruition of their undertaking. I believe experience thus far teaches us, however, that success for these bureaus can be obtained only by one plan of operation. Credit men themselves must do the work. They may employ a manager, but the spirit and method of the work, the real planning and directing of the operations of such bureaus must be in the hands of an Adjustment Bureau Committee, made up of *Credit Men*, (applause) who shall give time and thought to reaching those results which vindicate the purposes and objects of the bureaus. Where such a principle is adopted and consistently pursued success follows. On the other hand, if the management of the bureau is placed in the hands of an attorney who makes it merely an annex or a feeder for his collection business, I believe it will fail in realizing its purpose. Under such an arrangement the bureau will not

be supported by our membership, and I think the common verdict will be that it deserves to fail.

I know full well that to carry out this adjustment bureau work on the lines I have laid down means labor and sacrifice on the part of individuals; but, unless this sort of service is rendered, can the bureaus succeed? And unless they are to succeed in a manner consistent with our highest Association aims, is it wise for us as an Association to stand sponsor for them? What we cannot accomplish with credit we had better not undertake.

I feel also that our Committee on Bankruptcy Law is entitled to an expression of grateful appreciation from us because of the peculiar difficulties attendant upon their special services as well as the sacrifices they have been called upon to make in advancing bankruptcy legislation. They have been frequently obliged to make hurried trips to the Capital when their measure was under consideration by the committees, and these emergency visits have taken them away from their own business more frequently and for a longer time than is perhaps the case with any of our other committees. Whatever may be the outcome as to the proposed legislation, I am sure you will agree with me that this recognition, or honorable mention, is their just due. (Applause.) They have striven faithfully and have deserved success.

In this connection, I desire to refer to one phase of our legislative work which we may regard with peculiar satisfaction and pride. We are living in a period when graft is being charged on every side, when investigations and prosecutions are being conducted in many parts of the country because of abuses and dishonest methods in securing state and municipal legislation. With great regret it must be admitted that too frequently these investigations expose shameful conditions. I am glad to say that in no case where we have sought the enactment of legislation, have our motives been impugned, or our methods criticised. (Applause.) The fact is everywhere recognized that we have no ulterior motives. We have adhered strictly to the principles of business integrity and to the higher ideals in civic and commercial life which are a part of our creed. We have never sought to influence legislation by improper methods. This fact is so generally recognized that we have always been accorded a respectful hearing and in following this course, I feel that we have offered an object lesson, demonstrating that a body of citizens asking for proper legislation in a proper manner will always find in Congress and in our legislatures, as representatives of the people, men of integrity and good judgment who are ready and willing to give needed enactments if convinced that the measures proposed are right in their intent, and beneficial in their operation. We may justly be proud of this record, and be encouraged to remain true to our ideals and our high standards for the future.

During the year, I have visited and attended meetings of fourteen of the local associations. In all cases these visits have furnished most gratifying evidences of enthusiasm in our work and continued growth in numbers and accomplishments.

The real work of our organization comes through our standing committees. All our achievement is crystallized in their reports. I take this opportunity to express most cordial thanks for myself and for the Association to the men who have accepted appointment on these committees, and given of their thought, energy, money and time so unsparingly to our work.



The value of the work of these committees of the National Association will be greatly enhanced if corresponding committees are appointed by each local association. The national and local committees can then co-operate in the undertakings of each and greater effectiveness will thus be secured.

When all our other committees are active and bringing their work to the highest degree of excellence, the Membership Committee will be receiving aid of the most effective kind in securing increase of membership, for business houses will join the more readily as they see the practical results of our work.

I thank also my fellow officers and the Board of Directors who have responded so cheerfully to all calls upon them, especially in attending the annual meeting in New York in November, when the roll call showed every man present. This meant sacrifice. I also express my grateful acknowledgment to our genial, thoughtful and hard-working secretary, Mr. Meek, for the assistance and hearty co-operation on his part, which have so lightened the duties of my office. (Great applause.) It is this spirit of loyalty and devotion on the part of our entire official staff which has made the arduous duties of my administration pleasant and delightful with a spirit of true comradeship. Such loyalty and devotion give promise and encouragement for the larger success of our work in the years to come. (Long continued applause.)

President McAdow—It will now be our further pleasure to listen to the real thing of the year, the Secretary-Treasurer's report by Charles E. Meek, of New York. (Great applause.)

#### **Report of the Secretary-Treasurer.**

*To the Officers and Members of the National Association of Credit Men:*  
GENTLEMEN:

For the fifteenth time we are assembled in annual convention for the purpose of reviewing the accomplishments of the past year, planning for the future, renewing old acquaintances, and making new friends. We are gathered in this great southern metropolis, the fame of whose hospitality fills the entire land. I am sure we will all agree that it is good for us to be here. •

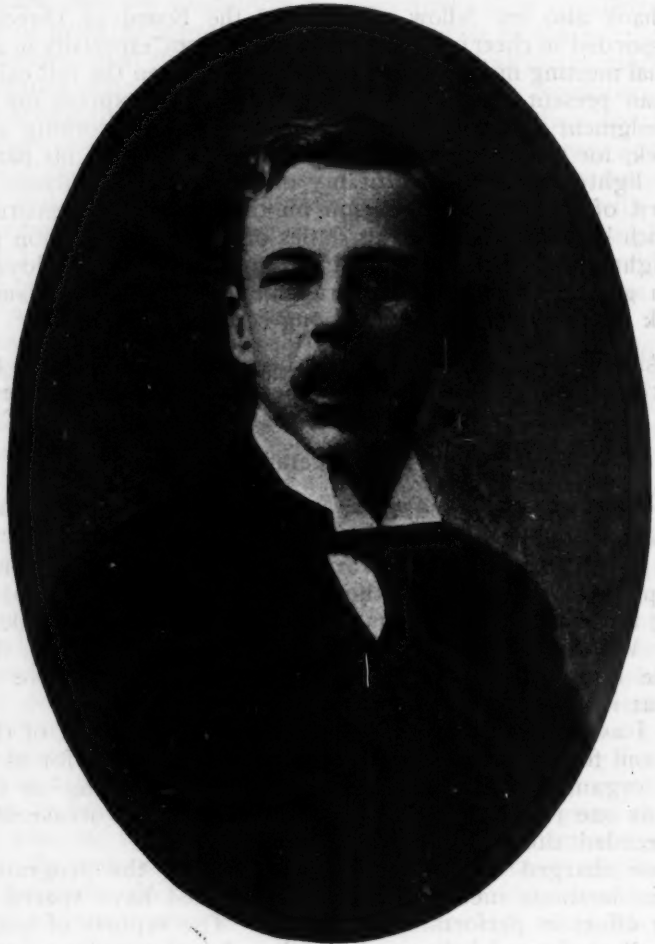
Yet I ask you to pause a moment at the very outset of this convention and fix in your minds that it is what we stand for as a great national organization, that makes the magnet drawing us together under this one roof as it has upon fourteen similar occasions which have preceded this one.

Those charged with the duty of arranging the program under which our business meetings will be conducted have spared neither time nor effort in performing their part. The reports of your committees, all of them, I believe of a high order of excellence, are to be presented and discussed. Prominent men have been invited here to address you, and it is the earnest hope of your officers that every member who has answered the roll call will be constant in his attendance upon our sessions and by doing so assume his part of the responsibilities which properly fall to him in determining upon future lines of Association effort as well as in extending full honors to our distinguished guests.

The members of the New Orleans association, the hosts on this occasion, have for months been working diligently to make your visit here enjoyable. It is unnecessary for me to tell you of all the good

things they have in store for you. In arranging the program your officers have not neglected to allow ample time for the enjoyment of the hospitalities of our good friends. So let all participate to the fullest extent in the business meetings and thereby lend zest to the enjoyment of the hours of leisure; then when the convention closes you will depart for your homes with the feeling that the time here has not been wasted.

Taking my lead from the president I will refrain from discussing at any length the several phases of our work. I know this will



*Secretary-Treasurer*

CHAS. E. MEEK

New York, N. Y.

please you because many within reach of my voice are never really out of reach of my pen and what I might say would to them at least, be but the refrain of what they are accustomed to hear from me. Besides there are many others to be heard. The committee chairmen will lay before you detailed statements of their committee affairs and I am quite sure that you will not find it necessary to file an involun-

tary petition against any of them or to refer their cases to the Investigation and Prosecution Committee.

The year, short though it has been, has been a year marked by progress in every branch of our work. Also much valuable material has been accumulated and made available for future use. In annual membership increase we have reached high water mark; our finances are in satisfactory condition; the prospects for further growth and extension of our influence are bright; in fact, few realize what a tremendous power we are growing to be and how, by a little closer welding together, our strength can be materially increased.

The Secretary-Treasurer is annually confronted with the pleasant task of bringing before you a financial statement, which must not only show that the funds coming into his hands have been judiciously disbursed, but must furnish you with convincing proof that financially we are in a solvent condition. The increase we have enjoyed in our membership each year has brought to us added revenues, the sinews of war in prosecuting our work; the volume of business passing through the National office has correspondingly increased, making necessary additions to our working force and also additional office equipment. At the present time the number of employees, including the secretary, is thirteen.

The issue of a monthly letter to our National members was undertaken experimentally during the year and has proved so successful that the expense and labor it involved has been fully justified. This letter has brought the National members closer in touch with our work and to it we attribute the fact that our resignations this year have been fewer in number than heretofore. The work of adjusting expiration dates of individual memberships has been completed, so that now they expire according to locality, which permits of renewal work on a systematic and economical basis. The figures for the year covering receipts and disbursements are as follows:

June 1, 1909, to May 1, 1910.

#### RECEIPTS.

June 1, 1909, cash in bank.....	\$5,249.65
Individual dues received during the year.....	11,327.34
Organized dues received .....	32,266.15
Sale of association blanks.....	1,210.84
Sale of Diary.....	3,566.61
Sale of badges .....	564.09
Sale of printed matter .....	846.35
Sale of BULLETIN.....	193.75
Total .....	\$55,224.78

#### DISBURSEMENTS.

Stationery and printing .....	\$3,653.21
Postage .....	2,098.82
General expenses .....	10,993.33
Organization expenses .....	6,303.68
Salaries .....	11,986.46
Equipment .....	664.43
Blanks .....	1,314.17
Legal expenses .....	2,732.88
BULLETIN .....	6,669.81
Diary .....	1,788.23
Total .....	\$48,205.02

Balance in bank May 1, 1910.....	\$7,019.76
Balance in office account.....	1,413.39
Total cash balance May, 1910.....	<u>\$8,433.15</u>

#### COMPARISON.

	Receipts.	Disbursements.
1908-1909.....	\$43,948.84	\$38,699.19
1909-1910.....	55,224.78	48,205.02
	<u>\$11,275.94</u>	<u>\$9,505.83</u>

The Association is to be congratulated in securing permanently the services of Harold Remington as its adviser in all matters connected with the National Bankruptcy Law. Mr. Remington's efforts have thus far been confined principally to the amendments now pending before Congress, but the plan of your officers is to broaden his work with a view to improving the law's administrative features and assisting members in disentangling intricate problems connected therewith.

The Association's case before the United States Supreme Court on the constitutionality of the Michigan bulk sales law has been argued, and a favorable decision is looked for early in the fall.

The year has not passed without causing us sorrow, for death has removed from our ranks some who were near and dear to many if not all of us—Frederick R. Boocock, a former secretary who gave to us many years of faithful devotion and whose labors contributed so largely toward the upbuilding of our organization; Naham Malcolm Tribou, a staunch supporter of the organization who served with credit as president of the Chicago Credit Men's Association; Frederick A. Grossenbacher, a former president of the Cleveland Association of Credit Men and a loyal member. This convention should, through the committee on resolutions, give expression to its sorrow over the death of these valued members.

At a gathering of the nation's credit men such as this there should be some attempt to give to the commercial world a general impression of the conditions of business health. With this idea in mind the National office has during the last few days gathered from various sources many opinions as to trade conditions. Your secretary intended originally to present a résumé of them in his report, but concluded that they were too important to condense within the confines of such a report. The idea then suggested itself that these trade opinions would be best appreciated in the form of a daily morning bulletin so that as an innovation, this convention will have its own daily paper. I believe this sheet will become an important feature of our meetings.

It is with great pleasure that I extend my warmest thanks to the officers and directors of the National Association, the officers of the local associations, to the men who have given so generously of their time in the promotion of our committee work, and also to the general membership of the Association for their never failing spirit of co-operation in advancing with me the interests of our Association. It is a pleasure to work with the men of broad vision and high purpose who are guiding this Association, men who realize to the full the need of just such an organization as the National Association of Credit



Men for promoting high commercial thought and for giving effectual voice to that which is to lift commerce to a higher plane. As long as the Association continues to hold among its members such spontaneity of service as it undoubtedly holds to-day, so long will it go forward, enlarging its influence and prestige and becoming a greater factor for good in its chosen field of work. Greater things than we have ever yet undertaken await our Association and it is for us to bring into sympathy with our work all the great manufacturing, banking and distributing interests of the country that the Association may bring to itself still greater power and momentum. (Great applause.)

(At this point a photograph of the assemblage was taken at the instance of a local newspaper.)

President McAdow—We are now to hear an address on a subject which seems to me to be broad and liberal in the doctrine proclaimed, and I am sure we will enjoy it. The subject is "Every Man a Credit Man," and it is our pleasure to hear from Edgar M. Cahn, of New Orleans. (Great applause.)

ADDRESS OF EDGAR M. CAHN, ESQ., NEW ORLEANS, LA.

### **Every Man's a Credit Man.**

A credit man has been defined by a prominent judge to be "an employee of a commercial house whose special business is to inquire in reference to the merit of all persons applying to purchase on credit and who determines to whom credit shall be given and the amount." (Erber vs. Dunn, 12 Fed. Ark., 534.)

The credit man occupies a peculiar position in commercial circles for it is with the aid of his opinion that the "head of the house," reaches the conclusion either to extend credit or refuse it. You thus play an important part not only in building business for your own establishment, but in fixing a status of character or commercial repute for the customer or patron. In forming your judgments many things are considered; among them, temperament, associations, past record, health, reputation among fellow men, and promptness in meeting obligations. Weak spots in character are detected and placed in contrast with the firmer fibres; if the latter sufficiently preponderate, you have before you a "good moral risk," worthy of trust and confidence. Esquire aspiring to knighthood in medieval times, passed through no severer ordeal than he who first seeks to win the approbation of the credit man, the astute "Vidocq" of commerce, whose keen eye reveals the inner motives of men and detects their true purposes, though sometimes, even they are the victims of maturely formed judgments.

The credit man thus stands as a restraint to evil; his presence is a counter check to fraud. As he may decree, the applicant is either worthy of trust or unfit for business dealings. There is no class of laymen to whom the human soul is more truly mirrored than to you men of credit. Nothing is free from your keen vision, because a knowledge of all the filaments of character is essential to your judgments.

In you is vested the supreme power to make or unmake reputation in business. According to your "dicta," there is either success or failure; the confidence which is indispensable to success or the doubt and distrust which spell despair; for who can succeed in commerce unless he enjoys "credit"?

To the courts is given the power to adjudicate upon property rights between litigants in causes which come before them; the lawyer counsels a course of conduct for the client to follow, while the physician administers to the ailments of those who seek his service. The banker is appealed to in the matters of finance. Tender words are whispered by minister or priest to the suppliant. All these, in their respective spheres are credit men passing their judgment upon men and things after duly weighing and considering the varying traits of temperament, habit, thought and purpose of those who invoke their offices.

"Bread-pills" will fit the case of one patient while a trip abroad, often the very thing wanted, is recommended to the other.

A moneyed investment suited to one man's need, the banker would not offer to the second. According to the circumstances of the case the priestly lips either speak tender words of sympathy or utter mild rebuke.

The lawyer counselling safety, must need consider his client's fitness for the witness stand, his ability to withstand cross examination; the attitude of the particular trial judge on like questions; his disposition to be liberal or technical in ruling upon the admissibility of testimony; aye, even his knowledge of business methods, his sense of humor, his digestive powers (for lawyers know that a late supper eaten by his Honor may work havoc with the best of cases)—all these are elements which the counsellor swiftly ponders over as he gives advice.

In this sense, we are all "credit men." Every human soul as it weighs and judges another soul, exercises the same faculties as you do, in passing upon your brother in trade; so does the daughter of Eve selecting her life partner for better or worse.

The judgment of the credit man reaches further; when adverse, it may properly destroy the immoral object in trade; on the other hand, it may if erroneous, ruin the fondest hopes of the man of honest intentions and thus deprive society of a successful merchant and useful citizen. Your power for good and for evil is the greater since the day you wisely banded together in your various cities forming associations wherein you exchange opinions and information concerning merchants. Thus the unfavorable view entertained by one, may become the opinion of all. In you, resides the power to lay the foundation for another's success or with one blow, cut down the fundamentals which might sustain it. I am happy to say that it is the rule with you to exercise your broad powers with due regard to the consequences and often with extreme liberality. Many a merchant, starting off with limited means, owes his first and lasting success to the recommendations of the credit men, who vouched for him upon no other collateral than strength of character, and with no other endorsement than the esteem of his fellow men. Others by the thousands, have appealed to you in the hour of commercial distress and you have helped them without stint.

My plea is that the power you hold be not abused so as to work hardship or wrong; that you act impartially, free from caprice and prejudice; and that every damaging report be verified before being acted upon.

Perhaps you have heard of some storekeeper's early business failure; or of his social environments or of loose habits of living. You have not had the time or inclination to test the accuracy of these

gossipy tales; in the meantime, the victim whose past record does him no dishonor, is deprived of the advantages of credit. We should not wish to punish our brother for the mistakes of earlier years, which were unavoidable, and unattended by any wrongful purpose.

We should on the other hand give men of this class, if not a rating, then at least a helping hand and a kind word and an opportunity to prove their worthiness. There are hundreds of business men who a decade or more ago suffered business reverses, and who are merchant princes of to-day. The struggling storekeeper of our time may with your help and encouragement become your peer and a mighty leader in commerce. Before you can fairly solve the question of credit for goods, you must give credit for good intentions. Concede to the trader at the outset an honest purpose and you will rarely err in the judgment which follows an impartial investigation. Of course there are exceptions. For the dishonest merchant, who under false pretense, procures your money or your goods in order to cheat and defraud you, none of us have a spark of pity. Such men and their methods cannot be too vigorously denounced; and your organized purpose to bring such culprits to justice is among your most praiseworthy aims.

The lance I break is solely for the unfortunate but honest merchants and for them alone, so that they may be enabled to emancipate themselves and get into the limelight of success.

The credit man is at once the heart and the conscience of the firm he represents. This appeal can reach the master of the business house no more effectually than through you—the credit man—the living crucible which both tries and tests character; the arbiter of commercial destiny from whose far reaching decree there is no appeal save perhaps, to the divided "Court of Public Opinion."

Permit me to speak on another subject pertinent to the occasion. I wish to urge upon you and upon my brethren of the bar a closer union and a heartier spirit of co-operation. My experience is that a conciliatory spirit, accompanied by candor and openness on both sides, is a helpful factor in the adjustment of business troubles. I am sensible of a slight prejudice operating upon some credit men and directed against lawyers whose offices are frequently invoked by embarrassed debtors.

There is no occasion for this: The creditor may rightfully mistrust his failing debtor, but the lawyer should not come under the ban of his displeasure. Neither should the lawyer be dismayed if upon the first announcement of a clients distress, tales come to him of awful anathemas pronounced against him and client at credit men's luncheons, foretelling as their common fate both fine and imprisonment. In such cases, angry passion unless justified by dishonest practices, avails naught and both sides suffer. In the conflict which follows, the creditor wrought to fever heat, infects others with the virus of his suspicion, all negotiations looking to a settlement fail; no dividends are declared and the honest but unfortunate debtor goes hence with but one asset: a document styled "Discharge in Bankruptcy."

Conditions such as these may be avoided. The remedy I propose is dispassionate conduct on the creditor's side; on the other, a full and complete disclosure revealing the causes of the embarrassment and present financial status, so that both may meet upon common ground. An honest debtor who fails has nothing to fear from the

"open door" policy; his lawyer may safely counsel him to this course without noting "all rights reserved."

Business men commit a grievous wrong when, under the guise of friendship, they suggest an offer of settlement for the creditors generally, and a secret advantage for themselves. Many a delinquent merchant has learned his first lesson in cupidity through the medium of such offers; and an honest purpose to treat all alike turned into an impulse to do wrong. The laws which denounce unlawful preferences are but statutory pronouncements of a lofty moral principle; they merely set forth luminously the fact that the property of the debtor is the common pledge of all of his creditors, to be equitably divided except in specific cases where some peculiar provisions of the law give a lien or preference.

It is in this broad sense that "Every Man's a Credit Man," willing to judge and be judged; willing to submit himself to the golden rule and esteeming his fellow men by the infallible touchstone of character and manhood.

The bar and business man have a common purpose: the establishment of a lofty standard of public morals and honor in trade and the protection of every one's good name and reputation. Both condemn any departure from these ethical principles whether sought to be accomplished openly or through the voice of gossip, the tongue of the slanderer or through insinuating articles in the columns of the press.

A newspaper or magazine which for its own material ends or to enlarge its circulation lends itself to the publication of articles or tales of fiction which libel tradesmen individually, or as a race, creed or class, abuses its great functions, breeds discord where faith and trust prevailed and fosters that species of prejudice which makes man despise his fellow man. Such methods should meet with the disapproval of all right thinking men. The larger the circulation enjoyed by such journal the greater the mischief wrought. The "Saturday Evening Post," hitherto a welcome visitor into thousands of American homes has recently seen fit cruelly to defame a large and representative class of merchants by publishing a story entitled "Bankruptcy as a Fine Art." In this piece of fiction the author has pictured the Jew as the arch-type of many of the irregularities which crop out during bankruptcy court investigations. I have a keen sense of humor but when the pages of a newspaper are devoted to the unworthy purpose of wholesale slander, no matter what race or creed or class is thus maligned, the journalist forgets his calling and is increasing his circulation at a frightful cost, the ruin of men's good names. It is to be hoped that the editor will henceforth refuse to give currency to any stories whose humor is veiled slander and whose "moral" might be seized upon to arouse cruel prejudice and hate.

While you are deliberating as our most welcome guests, our lawmakers are gathered in legislative session at our state capital. Before you will have adjourned my brethren of the Louisiana bar will also have met in the same city to consider and recommend laws fitted for the needs of our people, their commercial dealings, social habits, domestic relations and relating to persons and property generally. I feel that all of these, lawyers and lawmakers, sensible of their trust and adhering to their true policy, will hold fast to no law which does not adapt itself to modern business conditions or to the wants of the community; that they will be guided by the spirit of



tolerance and progressiveness and gladly lend themselves to any reasonable legislation tending to promote the aims of your worthy organization and to restrain and punish the nefarious trader.

Let me assure you now that our state laws fully protect the investments and dealings of the non-resident with the same safeguards as surround those of our own citizen; and that while we are proud of our legal traditions we are ever willing to yield them to the dictates of that riper wisdom which is the child of experience; we recognize that laws which have outlived their usefulness must yield when the voice of the people demands their repeal.

In conclusion, let me join with our citizens in bidding you thrice welcome. While you abide with us we ask you to judge us by the same test as you would judge men in commerce, by the criterion of character. You will find our people truly rejoiced at your coming, anxious to meet you in hearty hand-clasp, and show you the wonders of our metropolis and fair state of the new South, the South of opportunity; to point out to you the living spirit of our development, the greatness of our port, the richness of our soil, the unearthed wealth awaiting man's energetic force; the advantages which await all who would dwell in our midst, whether as tillers of the soil, tradesmen or men of finance. We are glad you are here to show you that hospitality which springs from the heart; that undying essence of patriotism animating every southern bosom, breathing love of country and ignoring all sectional lines. (Applause.)

The appeal we are making to Congress to choose our fair city as the site of the proposed Panama exposition in the year 1915 is not founded upon vain glory or self-aggrandizement. It is the prayer of a people who have suffered and struggled and who now, having come into possession of what is rightfully theirs, would have the world come and gaze upon their handiwork, the fruits of honest labor, enriched by the blessings which kind nature hath wrought for us.

Our prayer sent to Washington and which we trust will be answered, is the same prayer which has been uttered by thousands of whom history speaks—a plea for simple justice, nothing more. (Great applause.)

President George K. Smith, of the New Orleans association, here made several announcements regarding the entertainment features arranged by his committees.

Secretary Meek thereupon explained the customary method of selecting chairmen of state delegations.

Recess was then taken until 2.30 o'clock P. M.

Tuesday, May 17, 1910.

#### AFTERNOON SESSION.

The meeting was called to order by President McAdow at 2.30 o'clock P. M.

The president stated that announcement of committees would be postponed until the next morning's session. He called for the reading of the rules of the convention, but same being printed and in the hands of each delegate, it was voted to omit such reading.

President McAdow then appointed George R. Barclay, of St. Louis, and M. E. Bannin, of New York, a committee to escort the next speaker, William A. Prendergast, of New York, to the platform.

(The committee escorted Mr. Prendergast to the platform amid great applause.)

President McAdow—The speaker of the hour needs no introduction. If need be, I could hardly find adequate words in which to do it. He is shown on the program as having two titles, "Comptroller of the city of New York," and up there they interpret that to mean the credit man of the city of New York, and the other title is "Former Secretary of the National Association of Credit Men." That is the one by which we know him best and by which we hold him in our hearts.

It is my pleasure at this time to introduce Mr. Prendergast. (Long continued applause and cheers.)

Mr. Bannin then proposed three cheers for Mr. Prendergast, and they were given with a will.

ADDRESS OF WILLIAM A. PRENDERGAST, OF NEW YORK, N. Y.

#### Political Credits.

*Mr. President, Ladies and Gentlemen of the Convention:* Your president was right when he said that the title by which most of you know me is that of former secretary of this Association and I want to take advantage of this opportunity to say how very grateful I am to you all for giving me this occasion upon which I might say this, that of all the honors that have come to me thus far or may come to me in the future, and I am after several others (laughter and great applause. A Voice—He will get them.) I expect to—there will be none that I shall hold in higher esteem than that which I enjoyed as an official of this organization. (Great applause.)

I missed the first convention because I was not elected a delegate—I was not old enough at that time—and the last convention, because it was entirely impossible to get over to Philadelphia, although it is very near New York. (Most of you would hardly suspect that.) But these are the only conventions that I have missed, and as your good secretary, your very able secretary, and my very dear friend Mr. Meek can testify, long ago I told him that it was my intention to come to this convention, and I am here, not as a public official, but I am here because I want to be here, because I believe very intently in this movement in which so many of us have been coworkers for a long time; and one of the great pleasures of my life is to realize as the years go on that this Association is growing so steadily and splendidly in usefulness and prestige. And I trust—in fact I know—it is not a hope, it is a conviction—that as the years go on, under the able guidance that you will experience, the reputation and power of this organization will become greater and greater. And I think it is not too much to say that few of us realize what an influence the Association has had upon the business ethics of this country.

When I was asked to select a subject for my address on this occasion, I must confess to have been in considerable of a quandary, because there is hardly any subject relating to credit that has not been ably and fully discussed before our conventions, and, therefore, I felt that it might not be improper to introduce a new subject into our curriculum, because I believe it is one respecting which all of us should have a little more knowledge than seems to be generally had; and it was with this in view that I suggested the subject of "Political Credits."

It is said that "life without literature is death." It may be said with equal force that credit is as essential to the success of human endeavor. Credit is too often solely regarded as an element of commercial practice. This is due to the fact that the word has been assumed to relate only to the basis upon which commercial transactions are determined. We have lost sight of the fact that in every other field of activity there should be as searching inquiry into the methods followed, as the credit interests pursue in regulating the conditions upon which a merchant is treated in respect to the trust reposed in him under the title of credit. For every action there should be a reason and for every reason there should be substantial foundation.

It was with the object of making action dependent upon reason that the National Association of Credit Men was organized. It made fact and not caprice the measure of its policy. Its existence was the outgrowth of a desire to adopt some better basis of "credit determinant," than had prevailed up to the panic of 1893. That financial depression disclosed how utterly lacking in close business management had been the manufacturers and merchants of the United States. The tremendous losses resulting from the too general extension of credit demonstrated that the wave of over-zealous enterprise through which the country had passed had really controlled the merchant, instead of his controlling the unstable desires and passions of the investor and middleman. It was, therefore, as a corrective for the methods of past years that this Association undertook its work. It has with good effect studied its problems and proved the efficacy of organized movements of this character. This is demonstrated by the fact that the panic of 1907 found the merchant class in control of the situation, and never in the history of commerce has that class better met its responsibilities.

In giving credit we demand definite "information." It is not enough that the purchaser should be an old friend of the merchant with whom he wishes to trade or that he has some ready money which will enable him to discharge at least his earlier obligations. It is not to be denied that these strictly human considerations do not at times influence credit men but the principles of business conduct which this Association has been developing for fourteen years have introduced certain settled ideas to which the purchaser must respond.

We insist upon knowing the purchasers general character, his experience, his capabilities, his means, and fully as important, his application of good methods in the conduct of his business. Does he buy right? Does he sell right? Does he husband his resources? Does he manage with care and prudence that make for real economy? Does he so control his business by thorough knowledge of its details and its progress, as reflected through his books of account, as will enable him to appreciate the actual state of the business and institute changes with profit to his enterprise. This, in brief, is the attitude of the credit giver to him who requires credit so that he may provide for his livelihood and acquire a surplus for further investment.

There is another branch of credit to which such vigorous methods have not been applied as the merchant class have imposed in their calling. I refer to political or public credit. Why have we not been devoting as much time and effort to placing this department of credit under wise restrictions as we have the business man? One answer will immediately suggest itself. The government, be it national,

state, or municipal, is supposed always to have money; so people never hesitate to sell to it on the assumption that their bills will be paid sometime. When the government needs money, all it has to do is to tax somebody. When the merchant needs money he has to borrow it and pay it back. One would think that governments never have to pay back, that money raised by taxation is a gift from a generous and cheerful people, who surrender with placidity and thank Providence that their rulers have been so modest in their demands. There could be no more dangerous fallacy. Every dollar collected by taxation which is not properly applied to public uses is so much capital withdrawn from channels where it should have



*Director*

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been employed in useful enterprises. Every dollar of unnecessary taxation is a drain upon the resources of the people which will have to be accounted for some day in one form or another. Those who do business with public departments seem to lose sight of the fact that bad business processes cannot be pursued with impunity forever. The difficulty is that the taxpayers have not up to the very recent past taken that business interest in the financial operations of their



national, state and municipal governments that the problems confronting public officials certainly justify.

The taxpayer and the man who does business with a city government, should know just as much regarding the credit standing or political credit of that city as should the merchant who gives one of those taxpayers credit in his own personal business. For instance, Mr. Taxpayer, who is in the drygoods business wants to replenish his stock. He applies for a line of credit. His affairs are investigated. He is told by the credit man that he has been conducting his business on a very extravagant scale, that he has paid too much for his goods, that his employees have been speculating, that he seems to have difficulty in borrowing money for his necessary accommodations and that until he changes his methods and brings his business to a better standard, he cannot expect any further credit. The credit man has come to this conclusion because he sought knowledge regarding the different points involved and has secured that knowledge. But the contractor who does business with the city to which he is giving credit, what does he usually know as to the city's methods of doing business? He believes he will get his money sometime. Mr. Taxpayer, paying his taxes every year, what does he really know as to how the city is conducting its affairs until some scandal may rouse him. Then he votes to turn somebody out and put in men he believes will do right. But even right thinking men are very often of little use unless they are able to introduce strong and relieving methods of doing public business. A pure-minded president or governor or mayor, may in his turn appoint equally pure-minded officials and subordinates, but the methods to be followed are just as important as the character of the men appointed. Is a department well organized? Does that organization include only men of good average capacity for service? Is its force restricted to a number sufficient to help it perform its functions? Are its supplies bought on as close a basis of cost accounting as one of our well regulated large corporations would follow? Has it an accounting system which really accounts and shows its operations, disclosing weak management if there be such? Are prompt and intelligent reports made regularly to the public so that it may know how funds are being expended? Information corresponding to this, would be insisted upon from the merchant to-day when he wants credit. Why shouldn't the people insist upon the same information when they are called upon to pay their taxes, or are asked to purchase bonds? The principle is exactly the same. The application of right standards of political credit is to-day the most important question before the American people.

But the voice of the bellicose Congressman is abroad in the land. He says, what do you mean by political credit and modern accounting methods? No wonder he asks; the methods of national administration show conclusively that he has no knowledge on these questions. He tells the people just now, that the most important question before them is the tariff which he charges is responsible for the high cost of living, although if the truth were known he was careful when the tariff bill was passed to see that the industries of his own district were amply protected. (Applause.) He is anxious to get back to power in the nation. His soul yearns for the time when he can control the drafting of a river and harbor bill. He cares little what may be the cost of a new post office in his district; the essential thing is to locate it in his district. If the men of both parties in Congress

were to devote the necessary time to investigating the methods of business followed in the different departments they would be performing a patriotic and useful duty. Instead of this, much time is uselessly given up by one party trying to defend a tariff bill which it realizes is not accepted as a measure meaning revision downward, and the other party hypocritically denouncing the system of protection of which its individual members in Congress greedily avail themselves in favor of their own districts.

This is a non-partisan speech. (Laughter and great applause.) I have been in public life quite long enough to realize that neither all the virtue nor all the vice is confined to any one party.

The general situation is well illustrated by the following quotation from a speech reported to have been delivered by Mr. Gillett, of Massachusetts, in the House of Representatives, on April 4, 1910, as follows:

"There are going to be outrageous extravagances until we get some system. Until it is somebody's business to go into all these details and keep watch on them all the time, extravagance will creep in. And I am inclined to think it is inevitable in the public government and we cannot and will not be able to stop it."

I do not agree with this gloomy opinion as to stopping extravagance in government. It will not be accomplished if men sent to Washington are so afraid of the task of reformation that they are willing to countenance conditions they admit are bad. This is not constructive statesmanship. No reform was ever accomplished by weak hands or doubting hearts. It is true the labor requires courage, but the American people have within them both the virility and the courage. (Applause.)

Among men who think and do not fear to express their convictions, the conditions already hinted at are freely admitted. They are typical of national, state and municipal administration; while efforts at reform have been made and are producing good results, it is a fact that the trouble has not been approached by men in public office with the candor that they should exhibit. When officials are asked why they do not speak out, if they be in the national government, you are told that it will not answer to say too much regarding the methods of doing business prevailing in the department for fear the party will be hurt by such discussions in the next congressional or national elections. This is both moral cowardice and political short-sightedness. No party or man was ever punished by the American people for doing the right thing. (Great applause.) And no party ever hurt itself by standing for the right. What is true of the national government is equally true of both state and municipal government. Men think too much of success and too little of real duty.

You may not object to a little personal experience which well illustrates this very question to which I have just referred. You may know, if not I would like to explain to you, that the comptroller's office in the city of New York audits every bill paid by the city of New York. There is no matter of expenditure that does not come before that department. Last year I heard that quite a considerable sum of money had been spent upon a report showing the number of telephones in private houses of officials, paid for by the city. I did not see the necessity of paying any money for a report of that kind. I asked the telephone company to furnish me with such a report and it did. It showed that there were nearly 400 telephones in homes of public officials which the city was paying for. Now, I do not suppose that if there were any occasion to use the telephone for private reasons the official

scrupulously avoided the use of his telephone and went outside and used another!

But I called public attention to the fact and published lists in the different offices of the men who were enjoying this small luxury. I merely mention this as typical not only of the sentiment of some people but as typical of the kind of argument to which public officials are subjected. Immediately friends of mine came around to me and said, "Why did you show up that matter?" "Why not? They had twenty-three telephones there, and they do not need one of them." "Yes, but they are our own people"—and it is true, I regret to say, that most of the people using those telephones belonged to my own party. (Laughter.) That is the twenty-three. (Great laughter.) Now, my answer was simply this: "What would you have me do, protect them and expose some other fellow?" That is neither decent nor is it good government. They had no right to be using these little instruments at the public expense. It does not matter who it is, friend or foe, party man or party opponent, he has got to be shown up. That is the only way we will ever get clean government in New York. (Great and long-continued applause.)

May we ask to what extent did Congress avail itself of the findings of the Keep Commission? What attention was given to them? Was any effort made to see whether many of those recommendations could not be utilized to advantage? Did not the Keep Commission disclose conditions in almost all departments which demanded a change? Nearly all the changes to be made effective were predicated upon a better system of control of the operations of government. Senator Aldrich is recently reported to have said that there is an annual waste in the national government of \$300,000,000. This is a larger amount than even the great city of New York expends altogether in a year. Do you realize that this alleged annual waste is more than the states of Illinois and Indiana disbursed in wages in manufactures in 1909? That it is more than the total of the dividends paid by railroads in 1909? That it is as much as the entire exports of iron, agricultural implements, mineral oils and cotton goods during 1909? That this claimed waste is more than the average cost per annum of conducting the national government from 1878 through 1885? We call some expert witnesses who testified as follows during a debate in the Senate February 21, 1910:

Senator Dolliver, of Iowa, says: "Government is not a business but in a cheerful sense a political institution." It is cheerful as long as they have money to spend. It would be a cheerless occupation for our friends in Washington if their sources of public revenue were closed. He said further: "We should be proud that our defalcations are so small." Think of it, coming from a responsible and very able public official! "The government has limitations outside of modern business." What is the reason? It is because they have not attempted to impose upon government the limitations of modern business. "Congressmen know just as well before investigations as after." We all agree with the senator in that, because those congressional investigations are usually for the purpose of finding out something they already know but did not intend to disclose for a little while. (Applause.) Commissions would only be doing what the executive offices should do.

Senator Aldrich says: "Americans are mistrustful of real efforts at reform. Methods are obsolete in all departments and in bureau after bureau."

Senator Carter, of Montana, says: "There are eight or ten differ-

ent map-making departments in Washington." Why not? It affords employment—I suppose that would be the plea. "Every department has its own way of printing. Extra buildings are maintained to house useless documents. Two departments collect mineral statistics. In the post office, books can't show cost of any department. Books are not correlated; cannot strike a trial balance or make one up. Do not know why seven cents a pound is charged for newspapers, nor how four cents was reached as a substitute price. Several senators feel that the committee on public expenditures ought to make the study, and others, that the departmental heads ought to do the work themselves."

Senator Bristow, of Kansas, says: "The government is not a business institution, but a political institution in harmony with the wishes of the people of the United States." I wonder if it is the wish of the people of the United States that \$300,000,000 be spent annually on nothing? "That 40 per cent. could be saved by a business man in the House of Representatives, hundreds of men dispensed with, some in the Senate and some in House. Objects to going to a good deal of expense to find out a lot of things we all know any way."

While conditions such as have been mentioned really exist, it must not be presumed that efforts have not been made to correct them. There is no man in public life who enjoys a higher reputation for honesty of purpose than President Taft. Early in his administration he insisted on greater care in the preparation of the annual budget and some improvement may be effected in this respect. In order to accomplish it everything will depend upon the support the President receives from the department heads, who in turn must be dependent upon the help of the bureaucrats who as a rule are so inured to the "old style" methods of doing business that they constitute a constant menace to the cause of reform.

Let me give a practical instance showing how men who have been used to doing things their own way for a long time in public offices really come to believe that that way is the right way, whether their better sense rejects it or not. The comptroller's office in New York pays all the salaries; it has always been the system to pay what we call the employees of the street-cleaning department, in other words, the laborers, by sending their wages to certain points, having them report there and collect what is due them. I discovered that in order to accomplish this work, the department had been spending from \$400 to \$500 a month for carriages to carry around the paymaster and policeman to protect a clerk and to assist him. (Laughter.) Now, that is not pleasantry. A man is entitled to a ride once in a while. (Laughter.) Well, we have some automobiles in the department, and I said, "What is the matter with using our own automobiles; why go outside and hire carriages?" "Well, we have always been in the habit of doing it." "Don't do it any more." "Suppose one of our engineers wants to use the automobile the same day we want to pay off the help?" "Let him walk!" (Great applause and laughter.) Now, you would not laugh if you only knew how serious this was to the engineer (great laughter), the man who had been in charge of that paymaster's department for twenty-three years. I have been beseeched on all sides not to lay my hostile official hand upon his job, because he had been there so long. He came to the office, and with tears in his eyes, said: "Don't break up this system we have been following for such a long time, we are so used to these carriages!" A man in a responsible position, getting a large salary! We are so used to it! That is the trouble, and that is



the trouble in all departments of the national and state and local governments—they are so used to doing things! (Great applause.)

I think, Brother Meek, I will have to tell this audience, if the ladies won't object—although I do not know why they should, because the thing is from the motive of a poem by Eugene Field—the story of a man who used to ride in an automobile. I have peculiar ideas on this question of using city property for private use. When I went to the comptroller's office I found they had six machines there for the use of the officials. When I got downstairs to go home the first thing I noticed was that there was a machine at the door. The chauffeur's hand was on the handle, another employee was very courteously edging me over toward the machine, and I asked, "What is this for?" "That is your machine." "My machine—I don't own any machine." "No, but that is the machine that the comptroller always uses." "Indeed; well, the subway is good enough for me!" I did not use the machine but that rather struck terror into the hearts of the men who had been using the machine; and one individual there, getting \$5,000 a year in a rather good position, had been in the habit of always coming to business in a machine—one of our machines that we paid for—going home in the machine, using it at night, and using it in the daytime for private purposes. It was known as his machine; to all intents and purposes it was. The idea that it ever had belonged to the government of the city of New York had become a fiction. So he could not use the machine any more; no machines could be used for private purposes, as that was the order. Now, one night we had had quite a mellow spell, it was in January or early in February, and it was pretty muddy in New York—Mr. Bannin, you know the man—he walked downstairs. Just think of a public employee who had been once addicted to the luxury of being carried around in a machine with his own city chauffeur, having even to *walk* downstairs. He *walked* down sorrowfully, *walked* out to the street, and there was nothing but a typical London fog to confront him; no machine greeted him as he emerged from the door. Behind him were three other employees who had never been allowed to ride in a city machine—poor fellows—only getting \$1,200 or \$1,800 a year, they were not entitled to a machine. They may have been entitled to work harder than he, you know, but he was a gentleman, and we had to carry him home. They followed him across the walk; he crossed Chambers Street, stepping through mud ankle deep going over; and one of these wags behind him called out, "Walk, you sucker, walk." (Great laughter and applause.)

My friends, there is more than mere pleasantry in that remark. It is time that a lot of these men walked. They have been riding too long at public expense and you will never have in nation or state or city the decent, clean kind of administration that you as credit men insist upon, the merchant-following, as long as public employees are permitted to take advantage of the public purse. (Great applause.) Reports as late as last Friday indicate that the appropriation of this Congress will be about \$1,040,000,000, closely approximating the expenditures of last session. President Taft is also reported to be in favor of the appointment of a commission to investigate and report on the expenditures of government in the interest of economy. A bill has passed the Senate and is now waiting the approval of the House of Representatives providing for a commission of Senators and Congressmen to investigate the different departments on the question of expenditures. The Senate at the last session created a Committee on Public Expendi-

tures but so far as known it has accomplished nothing. Have we much to expect from other committees similarly constituted?

In an address before the American Political Science Association last December, Edward A. Harriman, of Yale University, said: "The question of the control of corporations by the government is substantially the question of control of business by the government, since the most important business is now carried on by corporate organizations." Are we not justified in asking whether it is not incumbent on the national and state government first to demonstrate that they know how to conduct their own business affairs, before they seek to tell others what they should do? (Great applause.) This is a pertinent and fair question. The problem is how shall the government possess itself of the proper methods?

A number of cities throughout the country have done much in this regard. The most notable example is the city of New York. The efforts at reform in its business and accounting management were initiated by public-spirited citizens who believed that the time had come when there should be a better understanding on the part of the people of the exact conditions of their affairs. One of the substantial evidences of the value of the work of the Bureau of Municipal Research was shown in the character of the last budget adopted by the city. The new system of accounting, now in course of installation in the comptroller's office, is being designed to afford a daily balance sheet. Statements intelligently drafted and presenting comprehensive data are a check upon waste and extravagance, and the ability of the citizen and the ever-watchful press to understand what is going on, is a sure and effective means of holding public officials to an accounting. One of our troubles is that we do a great deal of talking about business administration and practice it too little.

There is only one effective way of reaching a thorough understanding of the basis upon which a government or private institution is doing business and that is to have its method of transacting business analyzed by people competent to appreciate the significance of figures and facts. That the necessity of this course is being considered in many quarters is shown by the fact that the states of Ohio, Indiana, Wyoming and Washington have adopted systems of systematizing accounts, and that the disposition is not only to use this system in the conduct of state business, but to extend it to counties and municipalities. The good effect of legislation of this character will impress itself upon the people but the great danger is that waste and extravagance will continue to flourish before the principles of modern public accounting are widely appreciated.

At no time in our history as a nation has there been under consideration more suggestions in respect to reform legislation than at present and as usual we find the proponents of reform divided. At present one section of the reform element is convinced that the alleviation of all our political ills lies within legislative channels, while those who have had some practical experience with both business and government know that the problem of routing inefficiency and corruption would be almost solved if the proper methods of conducting public businesses were established in public offices. I am not advocating the theory that a book-keeping system will make men honest or that an accounting system, however comprehensive, will mean the purification of governments, but I do hold most tenaciously to the idea that there is less opportunity for dishonesty in government and certainly less oppor-

tunity for continued corruption if we institute methods that will insure constant public knowledge of what is going on in public office, and the observance of such rules for public conduct as will give the state or city an opportunity to hold its servants to strict accountability.

On the other hand, we are told that it will be better to devote our energies to such questions as ballot reform, primary reform, and initiative and referendum, the recall, and other well-known and advertised remedies for curing political maladies. As one of those who has been called upon very recently to pass upon many conditions requiring reform in method and practice, I want to say, and I say it most positively, that



*Director*

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from the viewpoint of administration, I cannot see how any of these measures have been or will be in the future, of the slightest effect.

It is all very well for advocates of the recall to argue that under that system they would be able to vote out an unworthy official even before the end of his term; in other words, that this gives the people a means of ridding themselves of officials who do not do their duty, but such a movement will not make for stability in government. I believe

in primary reform to the extent that it will place within the control of the electorate a larger measure of interest and selection in the naming of candidates but I also hold to the belief that a candidate just as little qualified to administer a department from a business viewpoint is apt to be selected under that system as under the old dispensation. There is something more required than naming candidates or recalling them after election. The control of methods of accounting and general procedure need be no more left to an elected official than would a great corporation permit its business system to be made the plaything of any individual.

We naturally look to the national government for guidance in many things, and I am confident that it would make for cleaner administration throughout the country in states and municipalities if it were in a position to point the way as to the proper method of conducting public business. It should not rest with the states to teach the national government on this question—the government at Washington is the natural preceptor and I do not know of anything that would go further to elevate political life and also be an incentive to thoroughgoing and efficient administration in all branches of government than for the departments at Washington to be regulated upon what we, as business men, regard as modern business principles. This work cannot be done by fragmentary efforts at reform in different departments—it should be comprehensive work undertaken by the government itself through men who have acquired experience in similar tasks. Insistence upon higher standards of commercial credit has had the effect of wiping out many abuses that were formerly common in business circles. Why should we not demand that more elevated principles of political credit be made the measure of the conduct of the public offices? For years the business men of the country have been battling against wrongful practices in mercantile life. What a tremendous force for good public offices would become if they were examples of able management, fair dealing and economical administration! In proportion as such standards of public action become the order of the times would public credit be strengthened. The waste and extravagance which should be abolished would afford ample means for undertaking improvements that are now halted because the funds are not available. The reason they have not been available is that they have been dissipated through inefficiency or corruption. We are surfeited with legislation. What we require is more upright and intelligent administration and less laws. (Great applause.) Laws do little more than point the way. Man's efforts impelled ever forward by the genius of the race, are the surest guarantees of the conquest of error, and the preservation of justice upon her eternal throne. (Enthusiastic and long-continued applause.)

President McAdow—As I understand that address, Mr. Prendergast proposes to add to our curriculum, political credits. If that is so the horizon of our activities has considerably widened in this hour.

Our next order of business is the report of the Legislative Committee. It is a matter of great disappointment to all of us, I am sure, that at the last moment Mr. Gettys was unavoidably detained. He had fully counted on being with us, and I am only voicing the regret and disappointment of every one present in making the announcement. The report will therefore be read by Secretary-Treasurer Meek.

The report of the Legislative Committee was then read by the Secretary-Treasurer as follows:



## Report of the Legislative Committee.

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

The year has not been a noteworthy one in the work of this committee due partly to the fact that few state legislatures were in session. Only twelve convened during the year, and there has been little of a tangible nature to engage the committee. The larger interest has been centered in the activity of our Bankruptcy Committee to secure needed amendments to the present national bankruptcy act, and we congratulate that committee on its splendid work.

On December 17, 1909, as chairman, I addressed a general letter to the committee members enclosing therewith a copy of the resolutions adopted at the last convention. The letter asked for information concerning the development of state legislation in which credit men are interested. The responses to this letter were all that could be desired and presented valuable data for the guidance of our Association in mapping out future work. It is not practicable here to enter into detail concerning existing conditions in the different states, but suffice it to say that a résumé of the letters which came to me as chairman points to activity in all directions and indicates intelligent, systematic effort on the part of our local branches toward completing the legislation the Association stands for.

The success that has attended the legislative work of this Association has been due, first to the spirit of fairness which has guided us in drafting our measures, and second to the fact that the most powerful commercial organization in the United States stands as sponsor for them. We do not ask for protection or favors for any special classes but for simple justice to debtor and creditor alike. Our Association has taken the position that any legislation asked for would have to stand solely on its own merits without one cent improperly used or any unfair influence bordering on corruption. The legitimate traveling expenses of members appearing before legislatures, and the necessary outlay for a campaign by mail have been cared for, and nothing more. Much is heard to-day of graft among our law-makers, but we are glad to say that the straightforward motives of our Association have been recognized and understood, and, except in rare instances, we have found that an honest appeal is appreciated. The Association believes the giver of a bribe is as despicable as he who takes it and our local associations acting on this strict doctrine should avoid even "the appearance of evil."

### BULK SALES LAWS.

There were no regular legislative sessions this year in Alabama, Arkansas, Illinois, Iowa, Kansas, Missouri, South Dakota or Wyoming, the eight states remaining without a bulk sales law. By the time the legislatures of these states will have again convened we shall have had a decision from the Supreme Court of the United States in the case involving the constitutionality of the Michigan bulk sales law. This case was argued in April by eminent counsel engaged by our Association, the entire expense having been borne by the National office. A decision is not expected until after October 1st, but as the court has upheld the Connecticut statute the principles of which are practically identical with those of the Michigan law, we have every reason to expect a favorable decision. This will, in our opinion tend to break down the opposition in the eight remaining states, and it is reasonable to hope that at our

next convention the United States will present a solid front to the commercial culprits who have specialized in this particular form of fraud.

#### BUCKET SHOPS.

The question of the bucket shop so far as our members are concerned was first brought up at the Baltimore convention in 1906. The movement spread and in many states the law prohibiting bucket shops is wholly effective and has been held constitutional by the highest state courts. Lately the federal government has begun a crusade against this evil.

#### CHATTEL MORTGAGES.

The necessity of having one place in each county for the filing of chattel mortgages, so that a mercantile agency or he who extends credit may have easy access to this information, is so apparent that extended comment is unnecessary. The movement to center the filing of these mortgage instruments at county seats has been opposed principally from a fee grabbing motive. Associations in states where this difficulty is met are urged not to let the question rest until legitimate credit interests have received the recognition to which they are entitled in the matter of filing chattei mortgages.

#### FICTITIOUS NAME LAW.

The merits of this law are so apparent that it has passed without great opposition in the majority of states where introduced, Rhode Island being the last state to enact it.

#### FALSE STATEMENT LAW.

Pursuant to authority vested in your committee, it retained counsel, in the person of Mr. Julius Henry Cohen, of New York, whose splendid address at the Philadelphia convention is recalled, to confer with the general counsel of the American Bankers' Association in drafting a false statement measure which would prove satisfactory to banking and mercantile creditors. The result was the following bill:

"Be it enacted, etc.

Section 1. Any person,

(1) Who shall knowingly make or cause to be made, either directly or indirectly, or through any agency whatsoever, any false statement in writing, with intent that it shall be relied upon, respecting the financial condition, or means or ability to pay, of himself or any other person, firm or corporation, in whom he is interested, or for whom he is acting, for the purpose of procuring in any form whatsoever, either the delivery of personal property, the payment of cash, the making of a loan or credit, the extension of a credit, the discount of an account receivable, or the making, acceptance, discount or endorsement of a bill of exchange, or promissory note, either for the benefit of himself or such person, firm or corporation; or

(2) Who, knowing that a false statement in writing has been made, respecting the financial condition or means or ability to pay, of himself, or such person, firm or corporation in which he is interested, or for whom he is acting, procures, upon the faith thereof, either for the benefit of himself, or such person, firm or corporation, either or any of the things of benefit mentioned in the first sub-division of this section; or

(3) Who, knowing that a statement in writing has been made, respecting the financial condition or means or ability to pay of himself or such person, firm or corporation, in which he is interested, or for whom he is acting, represents on a later day, either orally or in writing, that such statement theretofore made, if then again made on said day, would be then true, when in fact, said statement if then made would be false, and procures upon the faith thereof, either for the benefit of himself or such person, firm or corporation, either or any of the things of benefit mentioned in the first sub-division of this section:

Shall be guilty of a felony, punishable by (insert amount of fine, term of imprisonment or both.)"

This law when it becomes general will do more to safeguard credits than any law of recent enactment. For years our Association has been educating business men up to the importance of making property statements; it has distributed tons of literature on the subject but experience has shown that there is a most important step to take after the property statement becomes a well established principle in credit granting, a step made necessary by the fact that there has appeared a class of men who are inclined to make the property statement an instrument of artifice rather than a vehicle of truth which it is presumed to be. The proposed law which we have quoted in full recognizes the giving of a false written statement for the purpose of securing credit as common thievery in its effect and makes the way clear to convict for this crime against commerce.

Hence the passage of such a statute will be the logical sequence of the work we have been doing to establish firmly the giving of property statements. Our policy has been to co-operate with the American Bankers' Association in the introduction of this bill into the various state legislatures, and we believe their active initial effort, backed up by this Association will hasten the completion of this movement.

#### EXEMPTION LAWS.

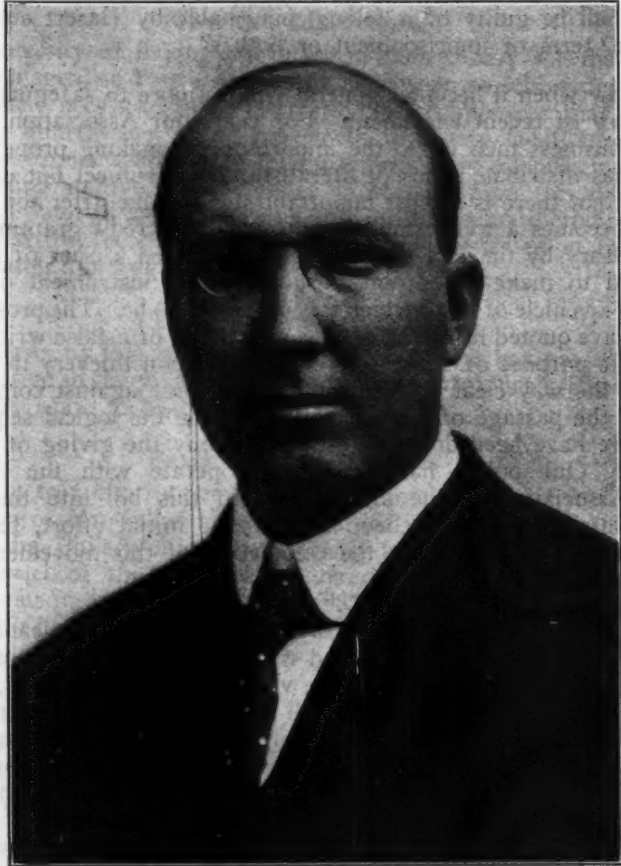
The Augean stables when Hercules finished his spring cleaning, were like "Spotless Town" when compared with the confusion existing in our state exemption laws. The committee ventures to suggest that the completion of reform in this direction will be witnessed by our grandsons. Impatience over the slow progress being made can be attributed only to a lack of knowledge of the greatness of the task involved, but unless a vigorous start is made now, the time may stretch out as long as the tail of Halley's Comet.

The slightest stir to take anything out of the exemption laws, which by the way, in some states make a practical millionaire out of a theoretical insolvent, brings down on our heads much argument and oratory of a demagogic nature, in defense of the rights of the so-called poor and down-trodden. In some states the law is just and equitable and it would be far from the desire of this organization to disturb such conditions and allot anything less than is fair to the unfortunate debtor. In the exemption laws lies before us, as your committee believes, the real "Land of Promise" in our legislative work, and with uniformity existing in them the vista is indeed pleasant.

#### LIEN LAWS.

Information received from the different states indicates a woful lack of clearness and uniformity in our lien laws and conditional sale laws, and although the majority of our members do not have occasion

to invoke their aid, their revision is a work which comes naturally within the province of this committee. The work of making these laws uniform has already been undertaken by the Commissioners on Uniform State Laws, in whose ultimate success we have every confidence; but that of ridding them of their ambiguities and antiquated features should be taken up by us without delay in each state where the same may appear to be necessary. Local associations having successfully enacted "bulk sales" and "fictitious name" laws will find interesting material here, and we may say in passing that the only salvation of a local association



*Chairman, Legislative Committee*

F. M. GETTYS

Union National Bank, Louisville, Ky.

is to keep hammering at some particular legislation or other practical work and not weaken itself by trying to do too many different things desirable though they may be.

#### FOREIGN CORPORATION LAWS.

The rights of foreign corporations in domestic states form a subject of supreme interest to the credit man, and our counsel has been called upon time and time again to answer the inquiries of our members



throughout the country. As each state must continue to judge for itself on questions of public policy, there is little hope of securing any degree of uniformity here, but a valuable work can be done by our members in those states where foreign corporation laws are unduly harsh. The underlying principle of all such laws is that of protection. Your committee believes in free trade between the states so far as the same may obtain without giving the outsider any unfair advantage. This liberal attitude would seem to be in keeping with the spirit of the times, and your committee wishes to present the matter in this light, leaving it to the intelligence of our members in the various states to suggest any needed reforms to the incoming committee.

#### REGULATION OF COLLECTION AGENCIES.

At the suggestion of last year's Committee on Credit Department Methods, the Philadelphia convention adopted a resolution to the effect that advertised collectors or collection agencies should be construed in law as public fiduciaries, and, as such, placed under state regulation by license or by deposit of a stated guarantee fund. This resolution was referred to your present committee for action, and it is pleased to report progress in at least one state. A bill drawn along these lines has been introduced into the legislature of Massachusetts, and has had the active support of our Boston association. Our counsel was invited to attend a hearing of the committee to which the bill was referred, and made the trip from New York for that purpose, giving the benefit of his wide experience to the committee and materially aiding the cause. We have every reason to believe that the bill in question, calling for a bond of five thousand dollars, will become a law, and an opportunity thus afforded to test the practicability of legislation of this character.

#### FRAUDULENT CHECKS.

Through the efforts of the Norfolk Association of Credit Men there has been placed upon the statute books of Virginia a law designed to put an end to the vicious practice of issuing checks without having on deposit sufficient funds to cover them. Of all the troubles of the credit man we know of none more harassing than this evil, and our Norfolk friends have merited the thanks and congratulations of the entire Association. The text of the law was set out in our April BULLETIN, and need not be repeated here. It is sufficient to say that the law as enacted will not prove a burden upon the honest man who occasionally overdraws his account, simply making the issuance of a check which is not met at maturity *prima facie* evidence of fraud.

#### UNIFORMITY IN STATE LEGISLATION.

Uniformity in state legislation has made great progress of late years, but the problems involved are of immense magnitude, and a slow but steady forward movement will have to satisfy us. Sentiment can be created, law-makers made to reflect, and it is not Utopian to expect marked improvement in this direction. A conference was called in Washington, January 17, 1910, under the direction of the National Civic Federation to discuss this great question, and our organization was invited to participate. We were represented by a committee of five, whose report we herewith submit:

"Mr. F. H. McADOW, President,  
National Association of Credit Men.

DEAR SIR:

I herewith submit a brief report of the action taken by, and the experience of, the committee appointed by you to represent

our Association, as delegates to the National Conference on Uniform State Legislation, called by the National Civic Federation and held in Washington, D. C., upon January 17, 18 and 19, 1910.

The publications of the National Civic Federation and the Associated Press reports have sufficiently set forth the general proceedings, which looked to a unification of law in all the states of the Union. Between fifty and sixty organizations, representing various interests and advocating such legislation, sent delegates. The proceedings were opened in the largest Washington theatre building, with an address by President Taft, several members of the Cabinet and other distinguished citizens, being among the large audience present. Judge Alton B. Parker presided. The purpose of the conference was well stated and commended. To enable all to be heard the ten minute rule was enacted, and on the third day our delegation had the opportunity, through its chairman, of submitting to the conference the position taken by our Association (which, by the way, was the most important and powerful body represented) in regard to the enactment of uniform laws in all the states and the necessity for a vigorous campaign for its accomplishment.

The attention of the conference was drawn to the fact that although nineteen years ago Commissioners on Uniform State Laws were appointed by several states, that aside from the law relating to negotiable instruments, formulated by them and now in force in some thirty-eight states, the only successful work in that direction had been achieved by the National Association of Credit Men within the last four years, in the passage of the bulk sales law in forty-four states.

The proceedings of the conference emphasized the general interest in the enactment of uniform statutes, which would insure thereby to the citizen of the United States or the stranger within our gates, the same security and the same results from proceedings in the courts of any of the states of the Union; it goes without saying that it is a legitimate part of the work of our Association to advocate and insist, with its powerful influence, on the passage of such uniform statutes.

Your committee would recommend the creation of a special committee upon uniform legislation which should have charge of the aggressive work essential to this end.

Respectfully submitted,

CHARLES BIGGS, *Chairman,*  
*For the Committee.*

*Committee,*

H. E. HACKENBERG,  
F. P. MAY,  
J. A. MCKEE,  
S. G. ROSSON,  
CHARLES BIGGS."

We reaffirm the recommendation of our Association made by last year's committee to call on the governor of each state to appoint representatives to the Commissioners on Uniform State Laws, who shall be provided with funds sufficient for reimbursement for their actual

expenses. The Association has waged war, first with evils that haunt the credit men's office daily, specializing in certain legislation affecting his immediate department of business, but will not be remiss when its assistance is wanted in any great movement looking to general uniformity in commercial laws.

#### ODDITY IN STATE LAWS.

The attention of the last convention was directed to the statute known as the "Free Traders' Law," in the states of Alabama, Florida and North Carolina. The Association with its many ramifications for far reaching and important work touching each state and all lines of trade, would find itself a laughing stock and its efforts of little avail, should it attempt to regulate all the "freak" legislation affecting, in a measure, the giving of credit. Common necessity has forced us to work for the "greatest good for the greatest number," and local conditions hampering commerce should be controlled and regulated locally.

#### THE LAW'S DELAY.

Conditions touching delays in administering justice vary so much in different localities that it would be manifestly impossible for this Association to take up the matter from a national standpoint. It is patent that this is a problem to be met by the local associations.

#### CORPORATION TAX LAW.

The federal corporation tax law has been discussed by many local associations. At present, activity has been lulled by the knowledge that the Supreme Court of the United States is expected to give a decision as to the law's constitutionality.

#### SCATTERED EFFORTS.

Your committee has been called upon to lend the influence of this Association to support many worthy issues, not strictly germane to the work of our organization. While recognizing the merit of many of these propositions, at the same time we recommend in the strongest terms that our local associations confine their efforts solely to reforms affecting commercial transactions, and also that they take up one thing at a time. Concentration particularly in legislation is the secret of our past success, and the time will not come in the history of the present generation, when sighing for "new fields to conquer," we must attempt to reform everything from the moral law to the weather bureau. Business is interstate-national, and the credit man must, if he would avoid many pitfalls, study the commercial laws of all states in which he extends credit.

In conclusion this committee submits that if the National Association of Credit Men had no branch of work outside of the legislative field the results attained here alone are sufficient excuse for its prosperous existence, and the ardent support of its large membership.

Your committee offers for your consideration the following resolutions:

#### I.

"WHEREAS, It is set forth in the constitution of the National Association of Credit Men that one of the objects of this Association shall be 'a demand for the reform of laws, federal and state, unfavorable to honest debtors and creditors, and the enactment of laws beneficial to commerce throughout the United States;' and

"WHEREAS, We are now able to record the accomplishment of legislative work of far-reaching importance to commercial credits, contributing immeasurably to the high reputation and prestige of this organization; be it therefore

"*Resolved*, That at this, our fifteenth annual convention, we congratulate those responsible for this broad and wise declaration of principle, and pledge our continued support to the further development of this branch of our work, furnishing the business interests of the country with protection against commercial fraud, and improving the conditions under which business is transacted."

## II.

"WHEREAS, In the development of our vast interstate commerce, there has arisen an ever increasing necessity for uniformity in business laws among the various states, and

"WHEREAS, The credit men of the country by the very nature of their occupation are especially concerned that the movement for uniform state legislation progress as rapidly as is consistent with the great labor involved, and

"WHEREAS, the legislative committee of the Association in working for the enactment of the measures referred to it, cannot undertake to give this matter the attention to which it is entitled, be it

"*Resolved*, That the president is hereby authorized and directed to appoint a special committee of five to be known as the 'Committee on Uniform State Laws' whose duty it shall be to co-operate with the Commissioners on Uniform State Laws and with such other organizations, working in the same direction, as seem advisable to the officers of the Association and otherwise to do all in their power to advance the cause of uniform commercial legislation throughout the states."

Respectfully submitted,

F. M. GETTYS, *Chairman.*

At the request of Mr. S. G. Rosson of the Baltimore association the following resolutions are offered for the convention's consideration:

"WHEREAS, The existing exemption laws of many states were at the time of their adoption made to meet local conditions, and

"WHEREAS, These conditions have been so changed through expansion of interstate commerce, as to make such exemption laws in this present day inequitable and unjust and the cause of curtailment of credit extensions in such states, therefore, be it

"*Resolved*, That the President is hereby authorized and directed to appoint a special committee to be known as the 'Exemption Law Committee,' to serve for a period of three years and to consist of twenty-five members, in addition to the National officers, who shall be members *ex-officio*; that the President is further authorized to augment this committee, or to appoint special committees for separate states, to such number as he may deem best, and be it further

"*Resolved*, That it shall be the duty of this committee or these committees to work for the enactment of equitable exemption laws for such states as the committee may select, the provisions of these laws to be left to the judgment of said committee, and be it further



*"Resolved, That it is the sense of the National Association of Credit Men that the exemption laws of the various states should not only be made reasonably uniform, but provide an exemption of not over five hundred (\$500) dollars to each partnership business, to be divided among the several members of such firms."*

President McAdow—The report of the Legislative Committee is received and is before us for action. What is your pleasure?

Mr. William E. Pitts, Montgomery, Ala.—I regard this as a very able and sensible report, but there is a little mistake in it which should be corrected, where it refers to the oddity of state laws. It seems that there is in a few states what is known as a "Free Traders Law." It is in operation in Florida, and I notice in this report that Alabama is also included. There is a mistake here. We had such a law in Alabama, but it was repealed several years ago. Now a woman can sue or be sued in Alabama just the same as a man can be. We have some other laws there that are bad, and some of them will be repealed at the next session but we are all right on this law.

President McAdow—The correction will be recorded by the secretary as being accepted by the committee.

Mr. W. G. Walker, Boston—I would like to offer a resolution.

President McAdow—You may hand it to the secretary and it will be considered in its regular order. It relates to this report, does it not?

Mr. Walker—It does.

President McAdow—Unless it is a substitute for one of the resolutions embodied in the report, the resolutions of the committee will take precedence, and resolutions offered from the floor will follow them.

The secretary will read the resolution presented by Mr. Walker.

"WHEREAS, This Association at the 1909 convention recorded its vote in favor of legislation for the regulation of collection agencies, and

"WHEREAS, A bill is now before the Massachusetts legislature providing for the regulation of such agencies, therefore, be it

*"Resolved, That this convention endorse this legislation and authorize the incoming Legislative Committee to take such steps as may be necessary to perfect said measure and urge its passage in Massachusetts and other states."*

President McAdow—That resolution will follow the resolutions offered by the committee. The first resolution considered is No. 1. Secretary Meek will act for the committee chairman in the discussion.

(Acting for the chairman of the committee, Secretary Meek thereupon moved the adoption of the report as a whole. This motion was duly seconded and received the unanimous vote of the convention.)

President McAdow—The report as a whole is adopted. The question now is upon the resolution offered by Mr. Walker, of Boston. Do you desire to hear it read again?

(The secretary again read Mr. Walker's resolution.)

Mr. Walker—I move the adoption of the resolution.

Motion seconded by Mr. A. N. Ritz of Milwaukee.

President McAdow—The resolution is before you. Do you wish to discuss it?

Mr. Howard Marshall, of New York—A bill here is referred to but we do not know what the bill is and we cannot act on the resolution unless we know the character of the bill to which it refers.

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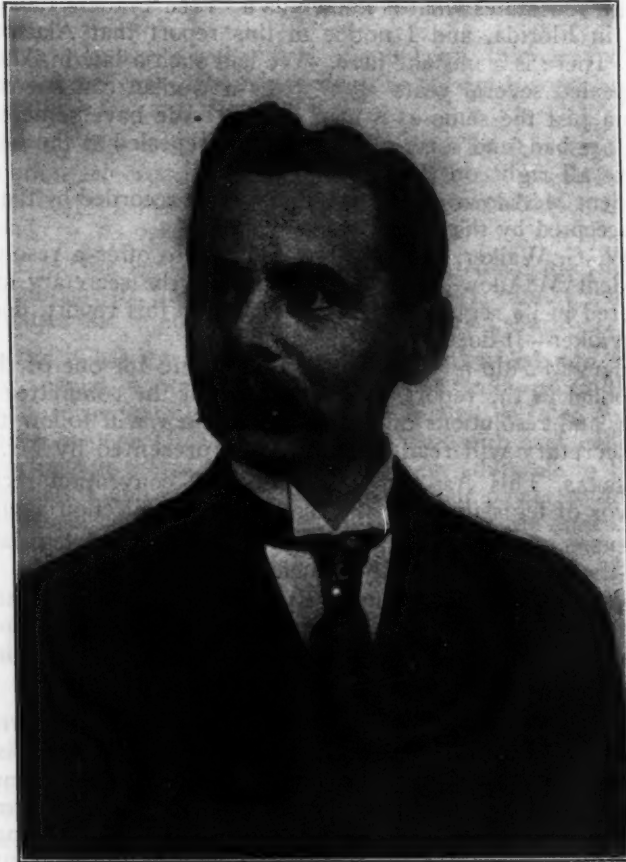
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Mr. Howard Marshall, of New York—A bill here is referred to but we do not know what the bill is and we cannot act on the resolution unless we know the character of the bill to which it refers.

Mr. Walker—I have not a copy of the bill with me, although I can

secure it if the matter should come up for discussion to-morrow; but it is a bill well understood by the National office which sent Mr. Quinby to appear before the committee. The bill calls for the registration in Massachusetts with the treasurer of the commonwealth of all individuals, firms and corporations whose principal business is the collection of accounts. There is some question, as the bill is now worded, whether attorneys-at-law would, come within the bill, and Mr. Quinby representing the Association, wanted further time in which to perfect the act. The committee's report is not quite accurate in that it states that there is a likelihood of the bill being passed at the present legislature. There



*Director*

OSCAR LOEFFLER

Goll and Frank Company, Milwaukee, Wis.

is not much likelihood of its passing the Senate although it will probably pass the House. Offering this resolution I thought that it would be referred without debate to the Legislative Committee or else I would not have offered it in this way. I simply want the matter brought up and investigated because I believe it is a most important matter to follow up.

The act further provides that collection agencies shall file a \$5,000



bond with the treasurer of the commonwealth, thus dignifying collection agencies. I cannot see any reason why a collection agency with means to conduct its business properly, can object to this act which is proposed in Massachusetts and my purpose in offering it is simply to have the matter investigated.

Mr. W. B. Fish, Cleveland—I would submit, with the chair's permission, that Mr. Gettys' report where it refers specifically to the resolutions offered at the Philadelphia convention in regard to the subject of collection agencies, and his subsequent resolution reaffirming the efforts of the Association on behalf of work of that kind, in a general way cover all that Mr. Walker contends for, and make that resolution superfluous.

President McAdow—As I understand, Mr. Walker's object is simply to have his resolution acted upon and referred to the incoming Legislative Committee.

Mr. Walker—My desire was that just that action be taken.

Mr. Marshall—I did not so understand it. I thought we were to approve the general spirit of the resolution. I did not understand that it was simply to be referred to the committee.

Mr. Walker—The rules say it shall be so referred.

Mr. Marshall—Not if we pass it in connection with this report.

Mr. Walker—I have no desire to press this for immediate action; on the other hand, I prefer to have it carefully investigated. In presenting the matter I followed the rule which says:

"All resolutions except those offered by the various committees in connection with their reports and such others as shall be offered at the time of the discussion upon the report of any committee and particularly referring to the work of such committee shall be referred without debate to the committee on resolutions."

I supposed that this resolution would be so referred.

Mr. C. J. Beane, Montgomery—I should like to have the resolution again read.

(Secretary read the resolution.)

Mr. A. N. Ritz, Milwaukee—I seconded the motion to adopt that resolution with the understanding that it was to be referred to the incoming Legislative Committee, with the hope that they would perfect the legislation referred to.

Mr. Harry L. Schlesinger, Atlanta—This resolution does not refer to the next incoming Legislative Committee. It is not in shape for such reference.

President McAdow—With the explanation given are you ready for the question?

Mr. James F. Jordan, Minneapolis—Are we to understand that this goes to the Committee on Resolutions in this convention or to the new Legislative Committee?

President McAdow—The incoming Legislative Committee by its terms.

Unanimously carried.

President McAdow—Mr. Walker's resolution is referred to the incoming Legislative Committee.

Mr. A. J. Gahr, Cleveland—I move that we send a telegram of greeting to Mr. Gettys and of regret because of his absence.

President McAdow—I think that has been covered by the action of the Board of Directors.

Mr. Gaehr—That is satisfactory then. I withdraw my motion.

Secretary Meek—At the request of Mr. S. G. Rosson, of the Baltimore association, the following resolutions are offered for the convention's consideration:

"WHEREAS, The existing exemption laws of many states were at the time of their adoption made to meet local conditions; and

"WHEREAS, These conditions have been so changed through expansion of interstate commerce, as to make such exemption laws in this present day inequitable and unjust and the cause of curtailment of credit extension in such states; therefore, be it

"Resolved, That the President is hereby authorized and directed to appoint a special committee, to be known as the 'Exemption Law Committee,' to serve for a period of three years and to consist of twenty-five members in addition to the National officers, who shall be members *ex-officio*; that the President is further authorized to augment this committee or to appoint special committees for separate states, to such number as he may deem best; and be it further

"Resolved, That it shall be the duty of this committee or these committees to work for the enactment of equitable exemption laws for such states as the committee may select, the provisions of these laws to be left to the judgment of said committee; and be it further

"Resolved, That it is the sense of the National Association of Credit Men that the exemption laws of the various states should not only be made reasonably uniform, but provide an exemption of not over five hundred (\$500) dollars to each partnership business, to be divided among the several members of such firms."

Mr. William Crane Andrews, New York—I move that this resolution be referred to the Committee on Resolutions.

Mr. Marshall, New York—The proper place to consider this resolution, if it refers to legislative work, is here. I am sure that the Committee on Resolutions would not want to take the responsibility of discussing it when it might just as well be discussed here. All legislative matters should be discussed when the report of the Legislative Committee is before us and I make a point of order against the motion.

President McAdow—The point of order is well taken because the resolutions going to the Committee on Resolutions do not come under the head of committee reports.

Mr. Marshall—I should like to ask a question, whether the substance of this resolution was not brought to the attention of the Legislative Committee.

President McAdow—Mr. Rosson perhaps can best answer that.

Mr. Rosson—It was. It was submitted to the Legislative Committee several months ago. It comes under the form of a direct resolution offered individually and therefore the committee did not take the honor of offering the resolution in their own name. I presume they only sign their names to such matters as they themselves originate, but as a matter of courtesy print resolutions offered by those not on the committee as addenda to their report.

The matter covered by the resolutions just read is a subject of great importance to us all and I do not see where we can make any mistake in undertaking what it suggests. We would like to have the benefits accruing from better exemption laws, and we cannot get them unless we make some effort in that direction. I believe that there is work enough for all of our existing committees at the present

time and that this work is of such magnitude that it is better to appoint a general committee along this line for its accomplishment. That is the intention of the resolution.

Mr. W. C. Andrews, New York—I move the adoption of Mr. Rosson's resolution.

Motion to adopt the resolution seconded.

Mr. George W. Curtis, Fort Worth—I want to call attention to a point in the rules which seems to have been overlooked. They state that only resolutions offered by the committee are to be considered in connection with the legislative report; that all other resolutions pertaining to the same subject but not offered by the committee must go to the Committee on Resolutions. This resolution was not fathered nor offered by the Legislative Committee, but that committee out of the courtesy which would be accorded any member presented the resolution offered to them for the consideration of this body.

President McAdow—The chairman rules that a resolution printed in connection with a committee's report is really in the same situation as though offered by the committee. It is not offered on the floor subsequent to the report of the committee but is printed as part of their report.

Mr. Curtis—It says at the request of Mr. Rosson they present the resolution, just as if some one handed me a resolution and at his request I presented it without approval or indorsement.

President McAdow—Does Mr. Curtis appeal from the ruling of the chair?

Mr. Curtis—Not technically, but I believe the President is wrong and that you will come to the same conclusion if you consider the matter carefully.

Mr. F. W. Risque, St. Louis—It seems to me the President's explanation should settle the small point at issue. While Mr. Gettys' signature appears above the resolution and it seemingly is not a part of his report, it appears from the context that it is virtually a part of the committee's report. I was not on the committee but I would like to ask one of the committee if that does not express their intent.

President McAdow—The chair has ruled and the resolution is before us.

Mr. Marshall—I desire to draw the attention of the chair and of the gentleman from Texas to the rule. It says: "All resolutions except those offered by the various committees in connection with their reports, and such others as shall be offered at the time of the discussion," shall be referred to the Committee on Resolutions. Those with reference to the matter in hand must be discussed here.

President McAdow—The decision of the chair has been made, and the question is on the motion of Mr. Andrews, of New York, to adopt Mr. Rosson's resolution.

Unanimously carried.

President McAdow—Is there any further discussion under the head of this report? If not, we will pass to the next order of business. We are to have the pleasure of hearing a short talk by one of our members on the subject of the "Banker in Legislation," by Mr. Newman Essick, of Los Angeles. (Great applause.)

**The Banker in Legislation.**

Legislation directly affecting finance and banking may be broadly divided into two classes. The first, which might be called "Constructive Legislation," deals with the organization, powers and regulation of banking institutions, the currency and money systems, postal savings banks and the like. The second, which might be called "Preventive Legislation," deals with those laws necessary for the protection of bankers and creditors in their dealings with criminals and swindlers, and with the prevention of loss by their misdeeds. Our object now is, not to consider these laws, but the attitude of the banker toward them, past and present, his opportunities for good, and his duty in regard thereto.

It is a most hopeful sign of the times that a representative commercial body is willing even to discuss the subject before us, "The Banker in Legislation." In the not remote past, the banker, as the representative of the so-called "Money Power," had no open and proper place in legislation; his appearance in the legislative halls was a sign that some secret plans were considered, and scandal was hinted. If, in former years, he openly and frankly advocated any measure, the "peanut" politicians of the day either ignored him or, to gain votes with the masses, refused to consider his views. Congresses and legislatures sometimes enacted momentous legislation, affecting the banking business and the financial welfare of the people, without the concurrence of the bankers, and often against their advice. I am happy to say that these conditions are rapidly passing away. That they ever did exist is perhaps partially due to a mistaken attitude on the part of the banker himself. The early banker was engrossed in the care of his business. He knew all that went on in its boundaries, but did not recognize to the extent he does to-day that he holds a trusteeship for all the people, their happiness and prosperity. He was wont to consider the conduct of his business as a private matter, of no concern to anyone but himself. It is astonishing to know that the first laws enacted for the regulation and supervision of banks met with opposition from the bankers. That they alone should be compelled to publish statements of their condition seemed unwarranted. When it was proposed to place examiners in the banks from time to time to whom would be revealed the private affairs of the banks, many bankers actively opposed the plan.

But fortunately reform measures prevailed. And the banker knows now that he prospers in proportion to the confidence that the public has in him. To gain the confidence he must, in the searching glare of the business of these days, be open, frank and candid, welcome intelligent supervision, and be the first to drive from his ranks the designing, the dishonest and the incompetent. Hence to-day the banker openly urges reforms, but at the same time counsels care and deprecates thoughtless haste in legislation. By such methods, he is leaving the impress of his knowledge and experience upon the laws of the land. He is to-day approaching the postal savings bank law, the currency question and the central bank plan with an open mind and a sincere desire for that solution of these perplexing problems which will be most beneficial to the country at large. This is evidenced by the close study and widespread discussion of these subjects, and the opposite conclusions at which the leading bankers arrive. It is still a time for study and research for both banker and statesman, and I believe the country at large wants no ill-advised and hasty legislation. As a late example of such legislation the Aldrich-



Vreeland emergency currency law, of temporary character and admittedly a makeshift, is now considered by many to be impractical and useless.

That there should be reform in the banking laws of practically all states is beyond question. The panic of 1907 proved this. New York jumped into the breach, under the exceptionally able leadership of Governor Hughes, and within six months after the panic passed a law that has been widely quoted. But even that law has its deficiencies, as witness the heavy losses to the poor of New York City's East Side through the rascality of the so-called private banker. Under present conditions, these unincorporated small concerns, operated by unscrupulous and designing persons, are subject to no supervision and to no law but their own greed. Fortunately, such conditions are unknown in many states, and would be impossible under the law in California, Wisconsin and elsewhere.

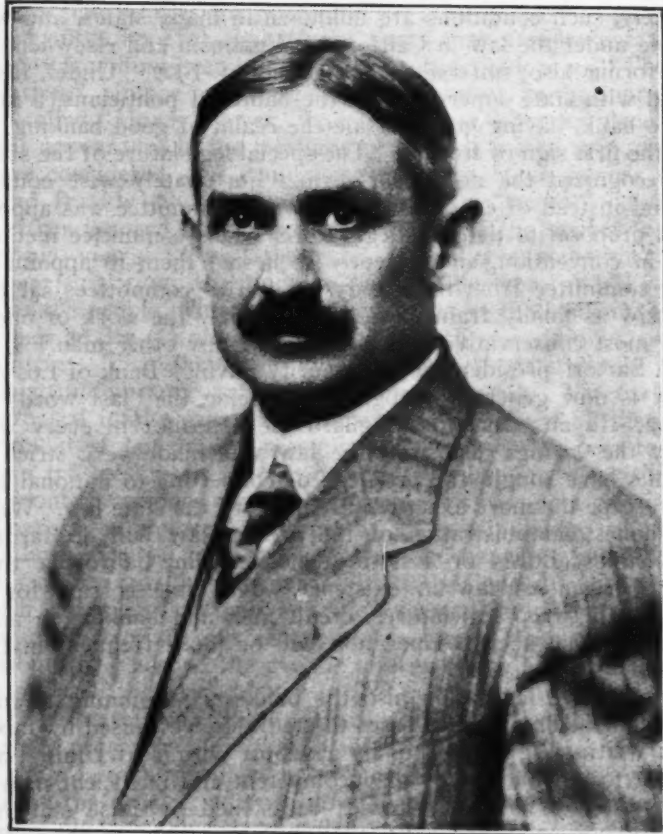
California also suffered in the panic of 1907. Under insufficient laws, and with state supervision in the hands of politicians, a large San Francisco bank, having gone outside the realm of good banking, came to grief at the first sign of trouble. The special legislature of the succeeding winter recognized the need of reform. Fortunately wise counsel prevailed, and instead of enacting hasty laws, a committee was appointed to submit a proposal to the next legislature. This committee met with the bankers in convention, and urgently requested them to appoint a large advisory committee from their body. The two committees sat together, and the law as finally framed was more largely the work of one of our best and most conservative bankers, than of any other man. I refer to Mr. J. F. Sartori, president of the Security Savings Bank of Los Angeles. That law is now generally recognized as being the "last word" in such legislation. In an effort to safeguard the depositor in every way, and especially the savings depositor, the law was made very strict. Many state banks have sought the privilege of converting to national banks in order to escape the more exact requirements of the state law. We believe that an honest administration of the present law will do far more to prevent bank failures or loss to depositors in California than any "Deposit Guarantee" law in existence. The time is ripe for similar co-operation between legislatures, credit men and bankers in all states, and I believe that such co-operation will be more frequent in the near future.

In preventive legislation also the banker is beginning to make his influence felt. The greatest losses to creditors are caused by false statements in writing—given either by a debtor who is a criminal at heart with intent to defraud, or by an incompetent and inefficient man who is over sanguine by nature. Losses occasioned by false statements in writing are not necessary evils, though many seem to think them so. During the last few years the Bankers' Association has been endeavoring to arouse interest in this subject also. Something over a year ago the general counsel of that association prepared a draft of such a law, and through magazines and bulletins urged its adoption in the several states. It was passed by a few of the states as recommended. But when it was reviewed by credit men, it was found to be grossly insufficient. When the deficiencies were pointed out to the bankers, they promptly co-operated with this Association, withdrew their draft, and accepted the draft proposed by the counsel of this Association, Mr. Julius Henry Cohen. The present proposed law seems to meet every requirement, and its enactment in all states is now urged by the bankers with great enthusiasm. They have clearly indicated that they consider this the most important of the

measures urged for uniform enactment, and have placed it at the head of their list of eight proposed uniform laws.

Credit men are also interested directly in one other of the proposed laws, namely, that which makes the person who gives a check or draft knowing that he has neither sufficient funds nor credit in the bank, guilty of a felony. California is one of the few states which has such a law, and there have been many convictions thereunder.

In the remaining six proposed laws, credit men are interested indirectly. They are as follows: A law to define and punish the crime of bank slander; a law to define and punish the crime of burglary with explosives, as distinct from ordinary burglary; a law limiting the time



*Director*

**NEWMAN ESSICK**

Commercial National Bank, Los Angeles, Cal.

during which a bank is liable to its depositor for the payment of a forged or raised check charged against the depositor's account; a law making valid the payment to one party of funds deposited in a joint account with another party, payable to either or the survivor; a law making valid the payment to the principal of funds deposited in the name of a trustee after the death of the latter; and lastly, a law to establish the competency of a notary who may be a stockholder or officer of a corporation,

to take acknowledgments to instruments to which the corporation is a party.

If I may venture to encroach upon a subject which is being more fully considered by this convention, I would like to say that I consider as most fortunate the co-operation between the American Bankers' Association and this Association on the subject of false statements in writing. As stated before, the bankers have shown their good faith by withdrawing their proposed draft, recognizing that this Association, through its greater experience in prosecutions, is better qualified to draw the law. And this Association recognizes the superior opportunities of the bankers to secure its enactment. By arrangement between the two associations, the bankers are to present and urge the passage of the law in the various states. Their association can be assured of the full support of this Association in their efforts.

I have just spoken of the superior opportunities which the bankers possess for securing the passage of such laws. The banker is just beginning to realize these opportunities. "Gum Shoe" legislative methods belong to the past, and are being abandoned as inefficient and unsatisfactory. But when every banker, and especially every country banker, becomes sufficiently interested in any legislation to discuss the subject with the representative from his own town or county, and to urge action, that representative is sure to be impressed. In this way every legislator is at one time or another approached by the one man he most trusts and respects, the one man who for business and personal reasons he is most anxious to accommodate, the one man whose favors he is most anxious to reciprocate. If a large proportion of the bankers can be sufficiently interested, these things which are reasonable and proper can be brought about in an honorable way with no expenditure of money or improper influence.

We will find that the bankers are willing to co-operate on any subject which will improve general credit conditions. Let me suggest them as our most powerful ally in those states which have no bulk sales law. For seven years the wholesalers of Arizona and the adjoining states had made unsuccessful efforts to secure the passage of the law in that territory. It was my privilege to address the Arizona Bankers' Association on this subject some months ago and to urge action individually upon them. I tried to show them, and later the proper committees of the legislature in session, how the absence of such a law made it hard for the small merchant to secure credit, stifled competition, and injured the credit and hence the development of the territory as a whole. I asked them if it benefited their towns to have forced sales of goods which had been secured at prices only possible where the wholesaler had been swindled through the absence of the law, prices which could not be met by honest competitors who paid for their goods. I am happy to say that as a result, the so-called Connecticut bulk sales law was enacted by the last legislature of that territory, without any expense or the use of improper methods.

California is one of the few states in which it is still possible for the vendor of personal property to hold against other creditors a valid first lien which is unrecorded. This has worked a great hardship on credit men and banks for many years. Three years ago the credit men of San Francisco and Los Angeles made an unsuccessful effort to secure the passage of a satisfactory law, making such a lien invalid unless a memorandum was filed in the county recorder's office. Last year, in a paper on "Preventive Legislation," before the California Bankers' Association, I

took the opportunity to discuss such a law. There was great interest shown, but no action was taken because there was no meeting of the legislature this past winter. The subject again comes before the spring convention of the Bankers' Association, and I am pleased to say that it has the support of many influential members.

Let me suggest that the legislative committee of the various associations comprising this body, request the proper authorities of the bankers' associations of the states in which they reside to grant our speakers a hearing in their conventions. Let co-operation be then and there urged in all legislative matters which are important to them and to us. Present to them the importance of the bulk sales law, the false-statements-in-writing law, the conditional sales contract law. In return, ask their speakers to appear before our associations, to discuss with us wherein those laws in which they are interested affect us. Give them the co-operation of our support and enthusiastic interest in their efforts to pass laws relating to the organization, regulation and supervision of banks, and laws to punish crimes against banks.

If the panic of 1907 taught the commercial world anything, it was that all business is so interwoven that what adversely affects one member, adversely affects all. That state in which, through insufficient laws of regulation or supervision, the failure of a bank was made possible, contained many anxious credit men whose business was sorely disturbed by such failure. Those of us who can remember the individual action, the "devil-take-the-hindmost" policy of the banks and business men in the panic of 1893, and can compare with it the action of co-operation through the clearing house and otherwise, and the policy of mutual forbearance and helpfulness that prevailed in the panic of 1907, need not inquire why the later panic was less severe and of shorter duration. We have all learned the value of co-operation in such matters, and now is a most opportune time to present and discuss subjects for legislation in which credit men and bankers are mutually interested. The way has been pointed, the invitation extended, by the president of the American Bankers' Association, Mr. Lewis E. Pierson, in a recent address before the New York Credit Men's Association. Let us accept that invitation, and acting together, secure legislation which would be impossible, or at least difficult, if attempted by either body alone.

Secretary Meek—While Mr. Essick was reading his address it occurred to me that the legislature of New York (and he has asked me to announce it) has passed and Governor Hughes has either signed or is considering a bill placing all private banks and bankers under state supervision. This has taken place since Mr. Essick prepared his address. (Applause.)

President McAdow—Our next order of business is the report of the Membership Committee. A great many of us know of the unfortunate illness of the chairman of that committee, Mr. Maxwell S. Green, of Chicago. He is of course not with us, a cause of great regret to him and us. His report will be read by Mr. Charles F. Hoerr, of Chicago, another member of the committee.

#### **Report of the Membership Committee.**

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

Membership in the National Association of Credit Men is a certificate of progressiveness for the twentieth century business man. It



has now become one of the essentials which combined, go to produce the dominant type of bankers, manufacturers and merchants who are to-day directing our tremendous commerce. It indicates a willingness to share in the work of establishing firmly in our commercial relations the magnificent principles enunciated in the constitution of our Association.

This is an age of associations. The power to be wielded by means of groups of men drawn together for specific purposes has never been appreciated as it is to-day. We see around us organizations formed for every conceivable purpose. In the main they are aiming in the right direction and are deserving of support.

While it is not our purpose to discuss at this time general association work, yet it has seemed to us that the high efficiency which we are to-day demanding in all departments might be more nearly attained if commercial bodies were more inclined to stand together on common ground. We believe our Association should undertake principally through its affiliated branches to draw into more harmony of action all organizations whose members are likely to be affected by any movements we may be successful in carrying through. We are convinced that opposition encountered in our legislative work especially, has been due almost wholly to misunderstandings and false notions of our purposes and we therefore recommend that local associations take the necessary steps to overcome this difficulty. Attendance upon local association meetings by officers and leading members of kindred associations is one simple solvent of the problem which immediately presents itself, for mind meets mind in friendly disposition on these occasions. We commend this thought earnestly to our local officers.

This has been a prosperous year for our membership department not only in actual results but also in strengthening our foundations for future growth. In our work for individual members we continued with gratifying success to develop the systematic efforts begun two years ago. As a consequence our individual membership has gained substantially and we have the great satisfaction of being able to report that during the year we removed from the roster of individual membership less names than for many years back. We ascribe this to the fact that this class of membership has been drawn into closer touch with the Association than heretofore. Special pains have been taken to keep before them the facilities afforded by membership, the service of the National office has been given them unstintingly, and no opportunity has been neglected to stimulate their interest in the Association's welfare. The general letter mailed on the first day of each month to our individual members has proved itself most useful in bringing matters important to credit men before their attention and the large mail received each month at the National office inspired by this letter is strong evidence of the appreciation felt for it.

On the part of our local branches more or less activity for increased membership has developed during the year, the results of which are set forth in the figures made a part of this report. While an increased membership is to be desired adding as it surely does to the power and influence of the organization, as much, if not more effort ought to be exerted to retain old members as in gathering in the new. It is not especially hard to solve the problem of reducing to a minimum, the yearly loss through resignations. The committee suggests that a little study will probably show that there is positive

inter-relationship between the growth of membership in our respective local associations, and the quality and intensity of interest in their association activities as chronicled in the BULLETIN. Here will be found the master key to the whole situation. Eternal activity is the price of success in association work.

The experience of the year has developed a new plan of coöperation in securing membership, which we believe offers large opportunities for increasing success. Many houses have written letters to the local secretaries in cities other than that of their residence introducing them to firms in their line of trade whether customers or competitors and recom-



*Chairman, Membership Committee*

**MAXWELL S. GREEN**

Armour & Company, Chicago, Ill.

mending our Association to them. Such letters almost invariably have secured a favorable hearing and resulted in obtaining applications.

The committee has noted with appreciation the efforts which have been made by local membership committees to carry out the spirit of the resolutions adopted at last year's convention regarding quality of membership. There is still large room for improvement in some quarters and we trust the coming year will witness no relaxation in this direction.

Local associations should be just as jealous of the dignity and good name of their respective branches as *all* members are of the National Association. A local association which permits recognized bad practices to get a foothold upon it or fixes its plane of action lower than that of the National body is not only injuring its own chances of permanent usefulness but is tarnishing the good name of the whole Association and more than likely is keeping excellent concerns out of our membership.

Since the last convention a new membership list has been compiled, printed and distributed. Incidentally we take this opportunity to emphasize the value of this list to the credit department affording as it does, ready reference to names of members all over the country. It is the "Silver Cord" that holds our entire membership in touch and has a value beyond the mere interchange of trade information because a member finds through it a name in every city in the country from whom he can in emergency ask a favor as from a personal friend. The membership list has grown to such proportions that the cost of producing it has now reached the sum of \$2,500.

During the year the number of affiliated branches of the Association has been increased by four and diminished by one. Associations have been organized at Davenport, Ia., New Castle, Pa., Utica, N. Y. and Wilmington, N. C., while the Sioux Falls (S. D.) association has been disbanded. We thus have seventy cities each with its credit men organized and presumably equipped to carry forward the purposes of our organization.

Several of our branches have recently taken what seems to your committee to be an excellent step, that of changing their names to correspond with that of the National Association. The chance of deception would be greatly reduced if all branches of the Association carried a uniform title, as for instance "\_\_\_\_\_ Association of Credit Men," and we see no good reason why this change should not be made universal as speedily as possible.

We here present in parallel columns a comparison of the membership as it stood on June 1, 1909, and May 1, 1910.

	June 1, 1909.	May 1, 1910.
Atlanta, Ga .....	100	114
Baltimore, Md. ....	428	424
Birmingham, Ala. ....	48	48
Boise, Idaho .....	22	25
Boston, Mass. ....	195	252
Buffalo, N. Y. ....	265	276
Butte, Mont. ....	33	32
Cedar Rapids, Iowa. ....	23	31
Charleston, West Va. ....	41	45
Chicago, Ill. ....	678	880
Cincinnati, Ohio .....	230	228
Cleveland, Ohio .....	684	626
Columbus, Ohio .....	210	188
Dallas, Texas .....	91	92
Davenport, Ia. ....	—	26
Decatur, Ill. ....	31	46
Denver, Colo. ....	178	188
Des Moines, Iowa. ....	49	65
Detroit, Mich. ....	236	293
Duluth, Minn. ....	71	59

	June 1, 1909.	May 1, 1910.
El Paso, Texas.....	31	31
Fargo, N. Dak.....	30	38
Ft. Smith, Ark.....	28	27
Ft. Worth, Texas.....	92	77
Grand Rapids, Mich.....	228	266
Houston, Texas.....	52	22
Indianapolis, Ind.....	73	78
Jacksonville, Fla.....	22	22
Kansas City, Mo.....	143	110
Lexington, Ky.....	25	26
Lincoln, Neb.....	39	47
Little Rock, Ark.....	38	23
Los Angeles, Cal.....	91	132
Louisville, Ky.....	135	136
Lynchburg, Va.....	36	35
Memphis, Tenn.....	181	214
Milwaukee, Wis.....	243	237
Minneapolis, Minn.....	169	198
Montgomery, Ala.....	41	45
Nashville, Tenn.....	114	145
Newark, N. J.....	252	293
New Castle, Pa.....	—	18
New Orleans, La.....	147	223
New York, N. Y.....	662	1009
Norfolk, Va.....	34	58
Oklahoma City, Okla.....	94	98
Omaha, Neb.....	68	96
Philadelphia, Pa.....	515	581
Pittsburgh, Pa.....	593	773
Portland, Ore.....	160	184
Pueblo, Colo.....	33	31
Richmond, Va.....	126	124
Rochester, N. Y.....	229	225
St. Joseph, Mo.....	73	73
St. Louis, Mo.....	412	462
St. Paul, Minn.....	175	180
Salt Lake City, Utah.....	96	106
San Antonio, Texas.....	31	31
San Diego, Cal.....	29	38
San Francisco, Cal.....	203	202
Savannah, Ga.....	42	41
Seattle, Wash.....	159	193
Spokane, Wash.....	84	87
Syracuse, N. Y.....	96	96
Tacoma, Wash.....	41	41
Toledo, Ohio.....	109	104
Utica, N. Y.....	—	51
Wichita, Kan.....	75	67
Wilmington, N. C.....	—	38
Youngstown, Ohio.....	109	124
Individual.....	1109	1302
Total.....	11,185	12,796



### ORGANIZED MEMBERSHIP.

May 1, 1910.....	11,494	
June 1, 1909.....	10,076	1,418
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### INDIVIDUAL MEMBERSHIP.

May 1, 1910.....	1,302	
June 1, 1909.....	1,109	193
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Total Net Increase.....1,611

This is the biggest gain in the history of the Association, notwithstanding the fact that we had only eleven months in which to work.

These figures speak for themselves and your committee is highly gratified to feel that it has been able to contribute in a small way to this general result. The responsibilities laid upon us by our worthy President, it has given us great pleasure to discharge to the best of our ability, and our only regret is that our chairman was stricken with a serious illness just at the time when the work of the committee was at its height, thus taking away from the closing days the driving-wheel of our machine. From the National office we have had the fullest coöperation and we congratulate the Association upon being able to maintain headquarters in keeping with its dignity and to have its affairs administered in such a thoroughly business-like manner.

In order to give them the emphasis to which they are entitled, because expressive of principles so fundamental to the welfare of the Association, we offer for reaffirmation two resolutions referring to membership, adopted by the convention of last year. They are as follows:—

#### I.

"WHEREAS, It has come to our attention that certain outside organizations have sought alliance with affiliated associations, for the purpose of maintaining reporting bureaus, etc., and

"WHEREAS, Such connection is likely to lead to a disruption of these associations and to defeat the very aims for which they were organized, be it

"*Resolved*, That we, the National Association of Credit Men, in convention assembled, do hereby condemn and disapprove this practice, for the reason that it will most surely lead to complications not beneficial to our organization, and we reaffirm the American doctrine, so especially applicable to our organization that we form no 'entangling alliances' with any outside organizations, and be it further

"*Resolved*, That we urge our Directors to refuse membership to those associations which do not, within a reasonable time, discontinue such alliances."

#### II.

"*Resolved*, That we urge every affiliated association to push vigorously for the enlarging of our organization, so that it shall include every desirable mercantile, manufacturing and banking house engaged in legitimate lines of credit and especially urge that only members who are credit men be selected as delegates to these annual conventions."

In addition we offer the following resolutions:—

# I.

"Resolved, That this convention heartily approves of the steps taken by certain of our affiliated branches to draw into greater harmony of action those local business organizations whose members have interests related to the objects and aims of this Association and who can thus consistently co-operate with credit men in legislative and other work."
















# II

"Resolved, That this convention expresses its cordial appreciation of the earnest efforts made during the year by membership committees of many of our affiliated branches and by individual members, to bring into the Association concerns desirable for membership, and for the splendid interest many have taken in the *general* increase in membership and not alone in the increase of their respective branches. It is clear that membership growth brought about voluntarily by the members themselves who know our work and have faith in the Association tends to build up a more substantial organization than growth brought about by any other means."

Respectfully submitted,

A. W. BECKER,  
C. F. HOERR,  
H. POWELL,  
FRED A. SMITH,  
MAXWELL S. GREEN, *Chairman.*

## MEMBERSHIP SCALE

1896		600
1897		1,591
1898		2,332
1899		2,536
1900		3,006
1901		3,572
1902		4,004
1903		4,554
1904		5,327
1905		6,061
1906		7,509
1907		8,647
1908		9,791
1909		11,185
1910		12,796

President McAdow—The report of the Membership Committee is before us. What is your pleasure?

Mr. F. E. Norwine, St. Louis—I move that the report be received. Motion seconded and unanimously carried.

President McAdow—The question will be upon the resolutions offered by the committee.

On motion duly seconded it was voted that all the resolutions recommended by the committee be adopted as offered by the committee.

President McAdow—The report is received and the resolutions are adopted.

Mr. Enoch Rauh, Pittsburgh—Our weekly meetings have been instrumental in doubling the membership of the Pittsburgh association in two years. I predict that there will be another 50 per cent. increase in membership during the next two years. As a director in the National Association and president of a local association, I strongly recommend these weekly meetings as a means of increasing interest and membership in all associations.

President McAdow—Do you offer that as a motion?

Mr. Rauh—No; I will present this subject to the Committee on Resolutions at its first meeting.

President McAdow—There being nothing further under the head of Membership Committee, we will pass to the next order of business, a short talk on the subject "Value Received," by Mr. Guy P. Miller, of Bridgeport, Connecticut. (Great applause.)

Mr. Miller—Very appropriately, I think, my few remarks come after the report of the Membership Committee. My address will be mainly from the standpoint of a National member, and if any of my remarks can be used and arguments presented to increase the membership along the National membership line, I shall feel glad that I responded to my duty when Mr. Meek asked me to address you.

ADDRESS OF MR. GUY P. MILLER, BRIDGEPORT, CONN.

### "Value Received."

They are truly exceptional men who are not profoundly interested in a proposition which guarantees an annual return of 100 per cent. on the investment, yet as credit men we want to know what is back of such a guarantee, experience teaching us that any proposition that presents something for nothing or holds out extraordinary profits should, as a rule, receive strict investigation.

As an individual member of the National Association of Credit Men I can truthfully say that I consider that the corporation I represent could ill afford not to be represented in this great body if it cost \$100 per year instead of \$10. I have often said that it seemed to me that good arguments for joining this Association were so numerous that it ought to be simple enough to secure new members. You will have to judge whether or not I have in this assertion made good when I have finished my brief.

Of course all men cannot be stirred to the point of interest by one line of association work and it is only by finding out what particular line will most appeal to a man that his attention will be secured, his interest aroused, and a desire will be created in his mind which finally culminates in the act of joining the Association. Unfortunately a great many men have not been trained to look at a proposition such as ours from a broad standpoint. They say, "Yes it is a good thing all right in a general way, but I don't see why those who are more interested than I, should not foot the bills. We have a great many requests for donations for philanthropic purposes and we must stop somewhere. We belong to enough associations now." That man must be convinced that his concern is going to get back more than \$10 directly and not indirectly, but it ought not to be very difficult to convince him even of this.

We have ten standing committees, and with the change in

our constitution we will have eleven. If the work of each of these committees were worth but \$1.00 a year to the individual member he would be getting a return of 10 per cent. through each department. Can cheaper insurance be purchased than that?

\$1.00 a year for protection against evil state legislation;

\$1.00 a year for protection against evil national legislation, especially as it touches the bankruptcy act;

\$1.00 a year for the privilege of using the adjustment bureaus;

\$1.00 a year for the Monthly BULLETIN and special letters;

\$1.00 a year towards influencing the improvements in the great mercantile agencies;

\$1.00 a year through the distribution of educational business literature;

\$1.00 for the improvement of credit department methods;

\$1.00 for the investigation and prosecution of fraudulent debtors;

\$1.00 for influencing debtors to carry proper fire insurance;

\$1.00 for the work of the banking and currency committee;

And the work of the credit co-operation committee thrown in.

It would take a pretty mean man to say it all isn't worth that.

There are very few men who cannot be interested in the work of at least one of these committees. One man is particularly interested in legislation, another is interested in fire insurance, another in the running down of fraud, another in the betterment of credit reports, and so on. The direct returns upon the investment to our corporation are particularly noticeable in the satisfactory settlements obtained by using the local adjustment bureaus and the valuable information received by us from other members in replies to our inquiries. I have one particular case in mind where we would have extended credit if we had not been warned through the unfortunate experiences of some of our fellow members.

The adjustment bureaus and secretaries of local associations have been of considerable assistance to me in a number of instances. A case in point is one in which we collected an account in full without charge. A reorganization had taken place and the new concern paid all the debts in full, but notwithstanding this we were later informed that collection attorneys had been charging their clients a commission of 10 per cent., which we saved, the saving being the equivalent of dues for two and one-half years.

And not by any means the least of privileges is that of attending the annual convention of this influential body, thus broadening acquaintanceship and adding to one's fund of information.

The publication containing the list of members of the Association is alone worth the cost of annual dues, as it furnishes the individual member with the names of over 12,000 reputable men and firms, any and all of whom I have always found anxious to assist their fellow members, freely furnishing information that at times is almost invaluable. Suppose we want some credit information in reference to a concern that is slow in its payments and suppose we want to know what lawyer in the town where our debtor resides has the best reputation for collection work. Where do we go for that information? We write to a member of this Association or to the secretary of a local association. It is no exaggeration that one of the replies received may save us enough to pay our membership fees for several years.

Even though a concern is in the fortunate position of selling other manufacturers and large jobbers almost exclusively so that its annual losses are extremely small, it should recognize the fact that what helps its



customers directly helps it also indirectly. Indirect benefits in all fields are being more fully appreciated than ever before. Trade schools, kindergartens for the children of the poor, and institutions of this character are supported in Connecticut almost entirely by the manufacturers. The people of Bridgeport for instance realize that they cannot keep in their city more than a small percentage of those who receive special education which is made possible by their subscriptions; nevertheless subscriptions are not refused for that reason and no more should any manufacturer refuse to join this Association which in its essence is a great educational movement, nor do I think he would if his attention is secured so that he may be appealed to along the lines most interesting to him.

President McAdow—I want to thank you for the patience with which you have gone through this session and the good attendance to the end. I think Mr. Smith, of New Orleans, has something to say.

Mr. George K. Smith, New Orleans—A letter comes in to-day from the New Orleans Cotton Exchange which reads as follows: "Will you not kindly convey to the officers and members of the National Credit Men's Association the freedom of the New Orleans Cotton Exchange, and extend to them our best wishes for a pleasant, profitable session in New Orleans." Signed "W. B. Thompson, President, New Orleans Cotton Exchange." (Great applause.)

Mr. Harry L. Schlesinger, Atlanta—It strikes me that that man Smith cannot come too often. He always has something good to say when he does come. (Applause.)

Secretary Meek—I want to call the attention of the members of the Association to the work of the Committee on Credit Department Methods in installing an exhibit in connection with this convention. Every piece of material in the exhibit has been collected by the committee itself, put into shape and shipped here from Rochester; and while the chairman of the committee has been detained, he probably will be here to-morrow, and will be able to take the members of the Association who call upon him through the model department which he has prepared. It is distinctly worthy of the consideration of all of you.

A recess was here taken until next day, May 18, 1910, 10 A. M., same place.

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## SECOND DAY.

Wednesday, May 18, 1910.

### MORNING SESSION.

The morning session of the second day was called to order by President McAdow at 10 o'clock A. M.

The convention arose while invocation was pronounced by the Rev. Byron Holley, Rector of St. George Episcopal Church.

President McAdow—We will now hear the announcement of committees postponed from yesterday's session.

The secretary then presented the membership of the committees of the convention as follows:

#### COMMITTEE ON RESOLUTIONS.

George R. Barclay, Chairman, St. Louis.

R. Rosenbaum, Atlanta.	J. A. Mathews, Louisville.
H. W. Coffin, Birmingham.	J. R. Paine, Memphis.
William Q. Wales, Boston.	F. C. Salter, Montgomery.
John J. Dolphin, Buffalo.	Charles T. Sullivan, Nashville.
S. J. Whitlock, Chicago.	C. H. Sansom, Newark.
W. B. Johnston, Cincinnati.	George K. Smith, New Orleans.
A. J. Gaehr, Cleveland.	Howard Marshall, New York.
H. E. Smith, Columbus.	H. G. Barbee, Norfolk.
H. S. Keating, Dallas.	A. R. Parker, Oklahoma City.
A. J. Murray, Decatur.	D. G. Endy, Philadelphia.
Charles Bayly, Denver.	Enoch Rauh, Pittsburgh.
M. C. Palmer, Des Moines.	L. L. Paget, Portland.
Wade Millis, Detroit.	W. T. Connor, Rochester.
W. B. Cross, Duluth.	F. E. Norwine, St. Louis.
James A. Dick, El Paso.	H. W. Parker, St. Paul.
V. M. Tuthill, Grand Rapids.	Arthur Parsons, Salt Lake City.
W. D. Morgan, Hartford.	J. W. Spangler, Seattle.
F. B. Brown, Indianapolis.	L. B. Rogers, Wilmington.
Warren C. Kennedy, Los Angeles.	H. W. Grant, Youngstown.

#### COMMITTEE ON NOMINATIONS.

Oscar Loeffler, Milwaukee.	James E. Porter, Pittsburgh.
Charles G. Rapp, Philadelphia.	F. W. Riske, St. Louis.
Fred A. Smith, Chicago.	Charles Biggs, New York.
E. O. Harris, Nashville.	J. F. Jordan, Minneapolis.

#### COMMITTEE ON AUDIT.

F. H. Randel, Cleveland.	H. G. Moore, Kansas City.
O. D. Maxwell, Baltimore.	

#### COMMITTEE ON CREDENTIALS.

Charles E. Meek, New York.	H. A. Whiting, Boston.
S. D. Buck, Baltimore.	

After these announcements Secretary Meek read the following telegram: "Charles E. Meek, Secretary National Association:—The American Bankers' Association sends heartiest greetings, and wishes your association a most successful convention. Fred. E. Farnsworth, General Secretary." (Great applause.)

President McAdow—It is our pleasure to have with us this morning for the first address a gentleman who has rendered good service officially in connection with the administration of the bankruptcy law, and who is now upon our official staff, and one of our most valued assistants in dealing with this perplexing question.

I have the pleasure of introducing now Mr. Harold Remington, of Cleveland, Ohio, who will address us on "The Credit Man and the Bankruptcy Law." (Applause.)

ADDRESS OF HAROLD REMINGTON, CLEVELAND, OHIO.

#### The Credit Man and the Bankruptcy Law.

*Members of the National Association of Credit Men in convention assembled, Ladies and Gentlemen:*

I thank you very much for your hearty welcome. I do not know any better way of responding to it than by reading three telegrams and

copies of telegrams passing between myself and also Mr. Rosenbaum, president of the Credit Men's Association of Atlanta, and a distinguished senator from the south who has championed the bankruptcy bill in the upper house of Congress. I will read first my telegram:

"Hon. A. O. Bacon, United States Senator, Washington, D. C. Delegations of credit men en route to New Orleans bring news of Senate Judiciary Committee's favorable action Monday on the Bankruptcy Bill. The Atlanta association joins visiting delegations in enthusiastic cheers for the Senator from Georgia who presented to the Senate the favorable report on the bill which the credit men at New Orleans, representing 13,000 business houses throughout the United States, deem so important to the business welfare of north and south alike."

From Mr. Rosenbaum:

"Hon. A. O. Bacon, United States Senate: "150 delegates from Boston, Baltimore, Buffalo, New York, Philadelphia, Richmond, assembled here to-day, together with the Atlanta credit men, tender thanks for your able support of Sherley bill, which will always be highly remembered."

And now Senator Bacon's reply: "Telegrams received. Many thanks for kind words. The committee will certainly use every effort to secure the passage of the bill at this session and hopes for success in so doing." Signed "A. O. Bacon." (Great applause.)

All that remains is for the voice of the people, and it now rests with the credit men of the country to show how strong that voice is.

Sometimes we are so close to things we do not see them in their due proportions nor in their proper relations. So it seems with us to-day with regard to that great organism of which we form a part, in which we live, and from which we derive our daily sustenance—"The Credit System of Doing Business," especially in its relation to those two important factors of modern business life in which this convention, on this day perhaps of all days, is particularly interested—Bankruptcy Law and Credit Men's Organizations. We will never arrive at a just comprehension of these great factors until we come to conceive of them as natural outgrowths; developments from the wants of men in the business world; of bankruptcy law, on the one hand, as a natural outgrowth of the "Credit System of Doing Business" itself, originating back in the very beginnings of that system, when men first began to produce great quantities of goods and to throw them upon the open market in reliance upon a future demand which might, or might not, arise; when men first began to entrust these great quantities of goods to other men located in all parts of the country for more particular distribution among ultimate consumers, so entrusting them by way of sales upon credit with the expectation of being repaid from the proceeds of the sale to the ultimate consumers; and, on the other hand, of credit men's organizations as likewise being natural outgrowths—organized public opinion standing behind that system of doing business and behind that law which has for its function the protecting of that system. Only in this way can we arrive at a just comprehension.

Bankruptcy law is peculiarly the law of the business world. It has to do with the relations of men in manufacture and trade. It has nothing to do with agriculture. One hundred years ago there were

only 4 per cent. of the people of the United States gathered together in the cities and towns, only 4 per cent. who could be considered as directly dependent upon manufacture and trade for their support. We were still a nation of farmers. We had no need of bankruptcy law, much less of credit men. But as each succeeding decade unrolled its census figures before us, it showed this ratio continually increasing, until the last census showed us that nearly 40 per cent. of the people of the United States had left the farms and gone into the cities and towns; and I venture to predict that the next census, that being taken at the present time, will show nearly one-half of the people of the United States gathered together in the cities and towns—nearly one-half of them dependent upon manufacture and trade for their every day livelihood—their welfare inextricably interwoven with the welfare of the "Credit System of Doing Business!" How great then is the magnitude and the dignity of that law whose function is the protection of that system! How important it is that the citizen should have a full understanding of the true place and scope of that law!

It has been most astounding to me, especially during the last few months when I have been engaged in the active work on behalf of the National Association of Credit Men of helping to amend the bankruptcy act, to learn the profound ignorance (for no lesser term is adequate) that exists among our citizens, among our men of prominence, among our lawyers, yes, even among some of those who have been chosen to make our laws, concerning the true scope and functions of the bankruptcy law, though it has such an intimate and important relationship with our business affairs. The prevalent idea is that it is a mere arbitrary statute devised for periodical application after times of crises and depression to the relief of the multitude of debtors left stranded upon the rocks of business disaster, thereupon to be repealed and not again to be enacted until similar occasion arises. This is the universal idea, and yet it is most inadequate. Were this law in its essence merely a law for the relief of debtors from their debts, why should the credit men of the country—you, gentlemen, be the staunchest defenders of that law, and insist with all the power that is in you that it be retained as a permanent part of American jurisprudence. Surely credit men at any rate would not be found on the side that is overanxious about the release from debts proposition! If the bankruptcy law were simply a law for the release of debtors, why is it, too, that in nearly one-half of the bankruptcies to-day where there are any assets, no application is made for a discharge! In corporate bankruptcies,—and I would remind you that almost all manufacture and trade is coming to be done under corporate form,—a discharge is seldom, if ever, asked for, and a discharge would be a vain and useless thing, with the corporation denuded of all its assets! If it were essentially a poor debtors' law, why is it, I would ask, that during nearly one-half of its existence as a jurisprudence in the world, there were no provisions in it looking to the discharge of the debtor from his debts, but on the contrary, there were provisions in it declaring that nothing therein contained should be construed to free him from the unpaid remainder of his debts?

No, release from debts is not the main nor the essential idea of bankruptcy law. To be sure, one of the noblest and wisest provisions of the present bankruptcy law is precisely that which grants to the honest debtor a discharge from the unpaid remainder of his debts. It makes a rift in the gray and sombre cloud of business disaster, it puts new hope into the heart of the business man, who,



perhaps past middle life, with the gray already tinging his hair, after a lifetime spent in earnest effort with such capacity and among such opportunities as God has given him, finds himself, at last, face to face with the terrible doom of the business man—bankruptcy. It puts new hope into his heart that, notwithstanding all this, he may still stand up as the head and support of his family; may once again take his seat among his associates in business enterprise.

Statisticians tell us that, according to the tables of business mortality, one out of every four or five business men must expect at some time or other in his business career, to fail—so great is the stress and strain and strife of business warfare—a rate of casualty greater than that of the bloodiest war of history! No, let us never be found deprecating nor denouncing nor sneering at the discharge of the bankrupt from his debts. The honest bankrupt is as much entitled to his discharge as is a soldier to be carried to the hospital, only be it that the wounds be found in front and not in the back.

But release from debts is not the central idea of bankruptcy law. You, the credit men of the country, have a more adequate conception of its scope. To you it presents itself in its true proportions, as a great system of jurisprudence, naturally growing out of the credit system of doing business, originating, as I have said, in the very beginnings of that system; developing along on down the generations with that system; a great jurisprudence spread all over this vast country of ours like a network, connecting the uttermost parts of the land—the forty-seven different states—with uniform rules laying down just principles for the relations of men in business life, having special care of that insolvent fund which is the sole legacy left by the failing debtor to his creditors; furnishing a code of laws and courts whose peculiar function it is to take care of the situation which arises when the credit system of doing business has broken down at some point; when, owing perhaps to lack of judgment of the future market, to lack of capacity or of capital, to sickness or other untoward accident, or perhaps to the not seldom fraud it is found that credit has been misplaced, and that business failure has resulted.

This law presents itself to you in its true proportions as a great code which affords remedies that are swift and efficient and searching—more so than those of any other jurisprudence evolved by man—in short, as the great business law of the country, the law for the protection of the business world, the well rounded law for the debtor and creditor and community alike. Such is the right conception of bankruptcy law.

It is an old saying, but a very true one, that a good law, badly administered becomes but an evil law. And so might it have been and might it still be, with bankruptcy law. The administration of insolvent estates is peculiar in this—that there are a great number, sometimes, too, scattered far apart, who are interested in the common assets and yet each one has but a small share therein. "What is everybody's business, is nobody's business," and so it has come to be true that there is nothing so helpless as an insolvent estate. It is the easy prey of inefficiency, ignorance, laziness and rapacity.

As we have found our people leaving the farms and thus crowding into the cities and towns, thus becoming more and more dependent upon manufacture and trade and upon the credit system of doing business for their daily living, the more has it become evident that

there must be organized human effort standing behind that system and behind the law which is its protector, to see that that system is rightly developed and that law rightly administered. And so, quite naturally, have grown up credit men's organizations. Let their names be what they may, manufacturers' associations or associations of dealers in this, that or the other class of commodities, or frankly be that of our own noble organization, they are each and all of them essentially credit men's organizations, having common purpose, the protection of the system of doing business on credit, which is the only system on which business is done to-day on large scale throughout the length and breadth of the civilized world. Upon the men of these organizations particularly devolves the duty of right understanding and right action with regard to bankruptcy law.

One of the distinguishing features of bankruptcy law is its invitation to business men to participate in the practical administration of insolvent estates. It recognizes the essential difference between the administration of insolvent estates and other forms of litigation; it recognizes that bankruptcy is something more than a lawsuit; that there is more to it than the lawyer's work; that there is the work also of the practical conduct of business and of selling of assets, which are not the lawyer's work, but are the work of the business man. To this end, notices are issued to creditors. They are invited to assemble and choose their own trustees; they are invited to be present at sales of assets, to attend the hearing of reports of the administration of the estate—in fact, they have notices to be present at each and every important step in the practical administration of the insolvent estate. Full recognition is given by the law to the functions of the business man in insolvency administration; and yet, what do we find? Almost without exception, the creditor, when he receives his bankruptcy notice either throws it in the waste basket or sends it over to his lawyer, together with his claim and, turning away in disgust says, "Another one," totally ignoring his own responsibility and denying his own duties in the matter. Straightway the lawyer appears and elects his office assistant or some brother lawyer to be trustee, for anybody will do for trustee in bankruptcy, it would appear. Instead of a dual administration, the lawyer and the business man working together, side by side, in the administration of insolvent estates, those estates have been, like the widower's motherless brood of children, getting along with but one parent, the lawyer. What would you think of a business man with a prosperous business, about to take a vacation, who should call up his lawyer on the telephone and ask him to send over his assistant to run the business during his absence? (Applause.) And yet that is precisely what the business men of to-day are doing with the practical administration of the tangled business of bankrupts. They are leaving it all to the lawyer.

Now, I have no warfare against the lawyers, especially none against bankruptcy lawyers. I am one of them myself, and would like to be more of one. Lawyers are necessary in litigation. They are especially necessary in bankruptcy litigation. To the lawyer belongs most important functions. Upon him devolves the duty of investigating the intricate business dealings of the bankrupt; of prying into fraudulent transfers; of recovering concealed assets; of getting back property that has been transferred fraudulently or preferentially; of opposing unjust liens and improper claims. In short, upon him rests the responsibility of the thousand and one legal questions that may arise in the course of business litigation; and he, and he alone, is qualified to perform them. Far be it

from me to depreciate the functions of the lawyer in bankruptcy, but there are the functions of the business man in that administration also. The running of the factory; the conducting of the business; the selling out of the stock of merchandise or of the machinery or fixtures—these are the functions of the business man. They are not the functions of the lawyer.

I never could understand why a lawyer should want to be a receiver or trustee in bankruptcy. To be sure, I can easily see why those lawyers should have made it their work to come down from the great metropolis to Washington to oppose the efforts of the business men of the country to regulate receiverships and trusteeships in bankruptcy. But I refer to normal conditions. I never could see why, normally, the lawyer should want to leave his professional work, his books and briefs, his arguments, his court work, his giving of advice, to become a practical administrator of an insolvent estate, to run a factory or to sell out a stock of boots and shoes. I preach the restoration of the business man to the practical administration of insolvent estates. (Great applause.) It is the special duty of you, the credit men of the country, who wear the uniform, to see to it that the administration of insolvent estates is carried on with the co-operation and active participation of business men, and no longer is left wholly to the lawyer. That is precisely what the bankruptcy law has intended, and so it should be.

It should be the duty of each and every branch association as soon as a business failure occurs in its community, to assemble and choose a business man as candidate for trustee or receiver, and this business man should be by qualification essentially a good salesman. What we want is the best result obtainable from the assets. To this end we carefully scrutinize the reports of the receiver and trustee in order to see that the estates are economically administered. We cut down the lawyers' fees, sometimes indeed paring them down to the quick; and this, to be sure, is right enough. But a better way yet to get high dividends, is to get high prices for the assets, and the best possible way to get high prices for the assets is to get a good salesman to sell them. The greatest want to-day in bankruptcy is precisely efficient trustees. It should be a primary article of faith with each and every one becoming a member of a credit association that whenever he is called upon to act in the capacity of receiver or trustee, he will not demur on the ground of poor compensation; but will take off his coat and roll up his sleeves and go to work to make the practical administration of the estate redound to the credit of the law and to the glory of the association of which he is a member.

I have a little plan to suggest to help along. Let it be known that, whenever a candidate of the credit men's association has thus taken up the practical administration of an estate, upon the completion of his work a report of what he has accomplished—under all the difficulties and harassments of the particular case—shall be printed in the local bulletin, or if there be no such bulletin, then in circulars to be sent to the creditors and to the members of the association. In this way some slight emulation may be caused to arise among business men—each one striving to show the mettle of his steel; to show just what good results he can bring out of the complicated affairs of the failing debtor's business. Everyone too, likes credit for duty well done, and assuredly is entitled to it. I have seen this plan work well.

But the duty of the credit men should not end here. They should not be content with simply electing a business man to be trustee. They should themselves turn in and help that trustee to make a success of the

administration. Above all they should turn in and help him drum up purchasers. There are always one or two, or even a half dozen members who are in the same line of business as the failing debtor—so short a step may it be from the credit man to the bankrupt. These are the ones who can put their hands upon the likely purchasers of the assets. Let them get busy and help to bring in prospective buyers.

Every man does his best work for humanity—and we know we all have that work to do—along the lines of his own training and experience. So here, the credit man, wearing the uniform of that great system of business in the welfare of which his own welfare and that of his family and friends and of all are so bound up, can do his part in the work. In this way indeed he can contribute his part towards making the busy old world a better world to live in. (Great and long-continued applause.)

President McAdow—Before proceeding with the next order of business, allow the chair to call attention to the first of the rules of the convention. Upon addressing the chair a member shall upon rising announce his name and address. Now, your presiding officer knows the names of many of you and is familiar with the faces of many more, but he has his limitations and cannot always be relied upon to put the name and the face together, and if you will please comply with this rule, in a clear tone of voice, it will also aid him and the official stenographer.

Our next order of business is the report of the Bankruptcy Committee, Mr. O. G. Fessenden, of New York, chairman.

(Great applause, long-continued and enthusiastic cheering.)

#### Report of the Bankruptcy Committee.

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

It is told of Tamerlane, the great Asiatic conqueror, that once he was forced to take shelter from his enemies in an old ruin, where he was obliged to remain many hours. Desiring to divert his mind from an almost hopeless condition he fixed his eye on an ant that was carrying a grain of corn larger than itself up a high wall. The grain fell from its grasp sixty-nine times, but the insect persevered and in its seventieth effort brought the corn to the top. This incident gave Tamerlane fresh courage and showed him the necessity of patience, and he who before had been in utter despair went forth imbued anew with that spirit which contributed so much to the luster of his name.

Your Bankruptcy Committee, bearing this story in mind in those times when "hope deferred maketh the heart sick," has persisted in its efforts to carry out your instructions to secure certain amendments to the Bankruptcy Law which, if adopted, would more effectually safeguard the interests of creditor and debtor as well as better conserve bankrupt estates. Starting with the conviction that a National Bankruptcy Law is necessary to the vast commercial interests of our country, the National Association of Credit Men called to its aid sister organizations and friends of the law and sought through amendments to overcome certain evils (few in number, to be sure, but nevertheless exceedingly annoying), arising principally from conflicting court decisions, and at the same time to strengthen the law in several particulars.

These forces working together framed a measure which was introduced into the House of Representatives by the Honorable Swager Sherley, of Kentucky, and passed by that body February 23, 1910. We might say in passing that in the previous Congress Mr. Sherley intro-



duced, championed and successfully carried through the House a similar bill, but no action could be taken thereon by the Senate before the session terminated, so that at the beginning of the present Congress we were in the position of having to begin our labor all over again.

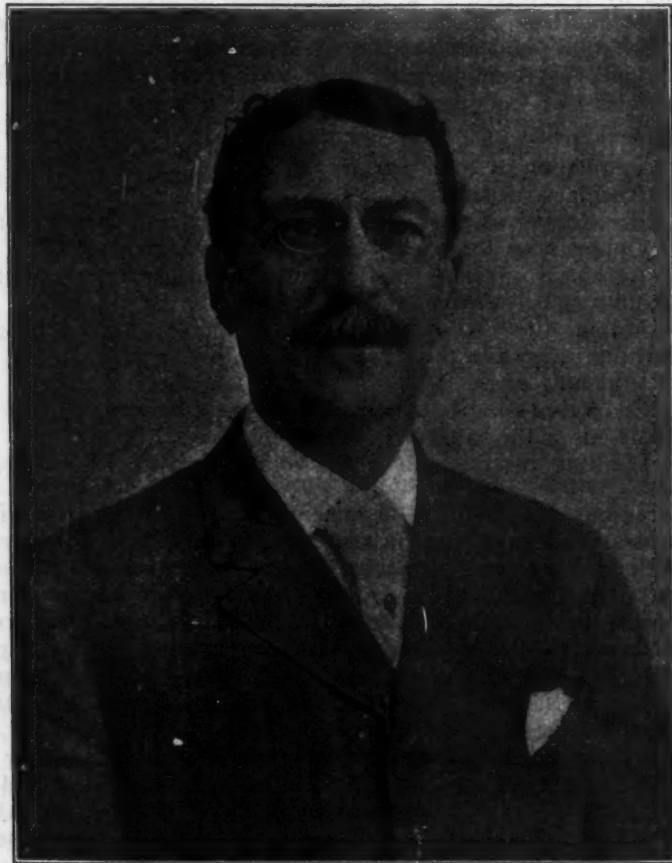
The Honorable Frank B. Brandegee, a Senator from Connecticut, had about the time Mr. Sherley introduced his bill in the House presented to the Senate its duplicate, which was referred to the Judiciary Committee of that body. The Sherley bill was, upon its adoption by the House, formally sent to the Senate and referred to the Judiciary Committee and by it referred to a sub-committee to investigate and report to the full committee. Just here the point of the Tamerlane story applies, for your committee did not stop at its seventieth—more or less, for we haven't stopped to count—unsuccessful visit to Washington to impress on the members of Congress the justice of our cause.

The amendments proposed summarized mean:—

- (1) Regulation of receivers' fees.
- (2) Ancillary jurisdiction.
- (3) Broadening of the law as it affects bankrupt corporations.
- (4) Opportunity for composition before adjudication.
- (5) Authority given a trustee with the consent of creditors to oppose a bankrupt's discharge.
- (6) Making the obtaining of property on credit upon a false statement in writing given to a third person, a bar to discharge.
- (7) Widening of the definition of a preference.
- (8) Compulsory notice to creditors before a bankruptcy proceeding can be dismissed, or the bankrupt discharged.
- (9) Limiting the cases in which voluntary petitions may be filed.

Our reasons for and the arguments advanced in favor of these amendments are fully set forth in a pamphlet issued from the secretary's office, which members can obtain by request, hence we will not enlarge upon them here. Suffice it to say that the arguments supporting our amendments appeared to be unanswerable. The House of Representatives had adopted them by a large majority after having by a still greater majority defeated a motion offered by Mr. Clayton, of Alabama, to rescind the law itself. But the Senate, as Kipling might say, presents a different story. Debate in that part of our Congress is unlimited, and, again, the members are as a rule older, possibly wiser, than the members of the lower House. They are much more prone to examine, dissect and deliberate upon matters coming before them than is the House. All this, so far as the merits of our proposed amendments were concerned, we welcomed, but with us time was of the greatest importance. From February 23d to May 17th seems long enough for even the Senate to reach a conclusion on such a matter as ours, and yet we can only report to you to-day that the bill we are interested in has been reported by the committee favorably to the Senate with certain changes which do not affect the points we tried to cover, and we are hopeful that before Congress adjourns the Senate will have acted favorably, that the conference between the Senate and House made necessary by Senate amendments will have reached an agreement, and the bill receive the approval of the President. If this is accomplished, the long, earnest fight of this Association to make a law admittedly good stronger and more helpful to both debtor and creditor, will have been finished. Your committee may then be discharged, having completed its special task which, though pleasant in many ways, we shall lay down, thankful that it is over.

It is of interest to note the sources from which opposition to the law itself and to some of the proposed amendments came. The opposition to the law itself was not confined to party or to any particular section of the country. It was not at any time sufficiently acute to cause your committee real anxiety, though the possibility of rescinding the law was never lost sight of by your committee. In the House certain amendments contained in the Sherley bill aroused the opposition of some members whose attitude in general was friendly towards other parts of the measure. These differences of opinion seemed to your committee



*Chairman, Bankruptcy Committee*

O. G. FESSENDEN

Hayden W. Wheeler Company, New York, N. Y.

ascribable in a considerable degree to the location from which the Congressmen came.

The sub-committees of both the Senate and House Judiciary Committees held numerous meetings to which were invited all interested parties, and it is with a great deal of pleasure that your committee places on record the fact that these committees, presided over by Senator Warner, of Missouri, and Congressman Tirrell, of Massachusetts, gave those who appeared before them every opportunity to present their views,

treating them with courtesy and respect, showing their own interest by asking personal pertinent questions and requiring satisfactory explanations. The only amendments opposed were those limiting the compensation of receivers, fixing the amount of indebtedness a bankrupt filing a voluntary petition must have, and making a signed false statement given a mercantile agency for the purpose of securing credit a sufficient cause for denying a bankrupt his discharge.

Against this opposition your committee brought to bear its full strength and also the able arguments of Mr. Harold Remington, the Association's advisory counsel in bankruptcy matters. Requiring a bankrupt to owe \$500 before he could file a petition, a condition urgently advocated by the National Retail Grocers' Association, was not opposed by us. Indeed, such a provision was in the bill introduced by Mr. Sherley and was stricken therefrom by the Judiciary Committee of the House. That our attitude in regard to limiting receivers' fees was fully justified, anyone who will take the trouble to examine the records of bankruptcy cases in some—we do not say all of the districts—will find convincing proof. Again, allow no discretion to the judges in fixing a receiver's fee and you at once relieve the court of all possible embarrassment and make certain just what such an officer is to receive for his services. Interviews with several of the judges confirmed us in our position and we firmly declined to suggest to the subcommittees any change in this section though requested by certain lawyers of New York City to do so. The opposition to the proposed amendment covering statements to mercantile agencies, we made no particular efforts to overcome, since our inquiries led us to believe that our efforts would be wasted.

Incidentally during the course of our work we could not but be impressed with the immense amount of labor performed by the judges of the Circuit and District Courts and the grossly inadequate compensation they receive. The citizens of the United States, and particularly those engaged as we are in the commerce of the nation, have the right to expect that the judges of our courts shall be able lawyers. Surely the miserly amount the government now pays is small incentive to the class of men needed on the bench. Many of those now serving are doing so from patriotic motives. To-day the yearly stipend of federal judges is: In the Supreme Court, \$12,500; in the Circuit Court, \$7,000, and in the District Court, \$6,000—less than the income of second-rate lawyers.

There has been introduced into Congress a bill known as the "Moon" bill which provides that Supreme Court justices shall receive \$17,500, Circuit Court judges \$10,000, and those of the District Court \$9,000 per annum, and your committee believes that it is not going beyond its province (for all bankruptcy cases come before these judges) when it recommends that the National Association of Credit Men adopt a resolution approving the proposition to increase the salaries of these important government servants and urging Congress to take favorable action on the "Moon" bill.

There is one other thing which especially came under the observation of your committee which it seemed could be changed for the benefit of all, namely, the rules governing the administration of the bankruptcy law. This matter is receiving the attention of the officers of our Association and at the proper time suggestions will be made with a view to improving existing conditions.

Your committee desires again to place on record the fact of our

great obligation as an Association to the Honorable Swagar Sherley, of Kentucky. His indefatigable labor in the work of drafting the amendments; his skill in presenting them to the House of Representatives; his appearance before the Senate Committee, where it was evident his words carried great weight, were of inestimable help to our cause. The thanks of the National Association of Credit Men will be tendered to him. To Senator Frank B. Brandegee we also owe our thanks for introducing the bill to the Senate and for the help he rendered us in looking after our interests in that body.

Your committee was fortunate in securing the services of Mr. Harold Remington, of Cleveland, who had lately resigned as a Referee in Bankruptcy to devote his attention to the general practice of law and particularly to that of bankruptcy law. Mr. Remington has cheerfully given us of his ability, experience and time, and because of his recognized position as an expert on bankruptcy law his appearance before the committees of Congress and his consultations with the members thereof were of great value. Our fellow members have cheerfully rendered their aid when requested, and we thank them for their prompt response to our calls when action on their part was very essential to success in the particular points we were endeavoring to establish before the Congressional Committees.

Your committee submit the following resolutions for your consideration and recommend that to the Committee on Resolutions be referred the matter of preparing a suitable memorial to Congress regarding the adequate compensation of federal judges.

## I.

"WHEREAS, The National Bankruptcy Act, during the twelve years it has been upon our statute books, has been thoroughly tested and tried under almost all conditions and circumstances, and has been found—with but few defects—wise and just in principles, efficient in remedies and fair in administration; and

"WHEREAS, For the remedying of such defects as have been found therein a bill is now pending before Congress, to which this Association has pledged itself and which it believes will bring the law into a fair state of perfection; and

"WHEREAS, The vast expansion in recent years of trade, commerce and manufacture and in the means of quick intercommunication and transportation between distant parts of the country, has caused tremendous increase in the business done on credit between the people of the different states; and,

"WHEREAS, It has become more and more evident that it is essential to the stability of that credit and to the maintenance of the necessary confidence between those dealing with each other at a distance, that there be one, uniform, permanent system of laws and remedies throughout the United States for the regulating of the administration of insolvent estates and the prescribing of the rights and remedies of creditors and debtors in relation thereto; and,

"WHEREAS, The experience of 1907-08 demonstrated the further efficacy of the present Bankruptcy Act in the prevention or amelioration of financial crises, the preservation of business equilibrium in times of panic and the bringing about of peaceable settlements of business failures—all to the great benefit and blessing of the business men of the country; now, therefore, be it



*"Resolved, By the National Association of Credit Men, in convention assembled, that we do pledge ourselves to labor earnestly for the maintenance of the Bankruptcy Act, as a permanent national bankruptcy law; for its betterment from time to time, as may be found necessary; and for the right protection and improvement of its administration at all times; and, be it further*

*"Resolved, That we do especially urge upon Congress, and in particular upon the Senate, the importance to the business interests of the country, of the early passage of the bill to amend the Bankruptcy Act, now pending before the Senate and finally be it*

*"Resolved, That we instruct our proper officers to convey to each and every Senator of the United States, by copy and appropriate letter these resolutions expressive of our vital interest in that bill and of our hope of its early passage."*

## II.

*"WHEREAS, For the second time, the bill to amend the Bankruptcy Act, to which the National Association of Credit Men has pledged its support and in which it has a most vital interest, has, under the sagacious leadership of the Hon. Swagar Sherley, passed the House of Representatives and been placed upon its passage through the Senate; now, therefore, be it*

*"Resolved, By the National Association of Credit Men, in convention assembled, that we do hereby express to the Hon. Swagar Sherley our profound appreciation of his brilliant, masterly and successful advocacy of that bill and of his skilful guidance and consummate leadership that have brought it thus far upon the way to success; and be it further*

*"Resolved, That the Secretary-Treasurer be and he hereby is instructed to forward to the Hon. Swagar Sherley a copy of these resolutions expressing the sentiments and regards of our Association."*

## III.

*"Resolved, That the convention extends to the Honorable Frank B. Brandegee of Connecticut, the thanks of the Association for introducing into the Senate the amendatory bankruptcy bill supported by this Association and for the service he rendered in endeavoring to secure thereon, favorable and prompt action by that body."*

## IV.

*"Resolved, That we hereby tender a vote of sincere thanks to Mr. Harold Remington, whose advice to the committee in drafting needed amendments to the bankruptcy law and whose exposition of the law and of proposed amendments before the committees of the Senate and the House immeasurably helped to strengthen the cause of intelligent bankruptcy legislation."*

Respectfully submitted,

C. R. BURNETT,  
F. R. HAMBURGER,  
S. G. ROSSON,  
H. S. KEATING,  
O. G. FESSENDEN, *Chairman.*

Mr. Fessenden—I move the adoption of the first resolution.  
Motion seconded and unanimously carried.

Mr. Fessenden—I move the adoption of the second resolution.

A motion was then made, seconded and unanimously carried adopting the report in its entirety, including the resolutions as read.

President McAdow—We will now listen to the report of the Investigation and Prosecution Committee, by Mr. D. L. Sawyer, St. Paul, Minn., chairman. (Great applause.)

### Report of the Investigation and Prosecution Committee.

*To the Officers and Members of the National Association of Credit Men:*

GENTLEMEN:

The work of the Investigation and Prosecution Committee of the National Association of Credit Men during the past year has brought home to the members of the committee more clearly the problems and difficulties it involves. Some of these can be summarized in this report.

Few men realize—even expert credit men—what constitutes legal evidence and how much is necessary for a successful commercial prosecution. Business men unfamiliar with criminal practice fail to appreciate its intricacies and the various technicalities that have developed out of centuries of precedent, based largely upon the idea of justice to the defendant. In consequence, a very simple, though complex, situation is frequently faced: A member is satisfied that fraud has been committed, the Association is satisfied that fraud has been committed, but is not satisfied that a prosecution can be made *successful*. It indicates its conclusion to the complaining member, who will infer either that the committee is insincere, or else is unequal to the performance of its duty.

While the present committee of the National Association has been without funds, it nevertheless has realized the seriousness of the expense problem. The disposition of business men is against "throwing good money after bad." It takes years to teach creditors that money spent in prosecuting dishonest debtors is a matter of insurance. The average creditor, keenly sensible of the loss already sustained, will rarely co-operate in furnishing the necessary funds to secure the evidence required to convict.

Criminal prosecutions usually bring tempting offers of settlement. The temptation to temporize and accept a settlement is very keen, and where the group of creditors is not pledged to organized co-operation and responsibility there is nothing to prevent the acceptance of a compromise save the criticism of the prosecuting officer, which falls only upon the shoulders of the few who initiated the prosecution. When an organization initiates a prosecution, it can prevent such an outcome.

In uncovering fraud the National Bankruptcy Law has only begun to make itself felt. Case after case where vigilant creditors have investigated and followed up a suspicious failure by criminal prosecution through the state or federal courts, has carried home the truth that if vigilance is exercised the National Bankruptcy Law stands as a powerful deterrent of crime.

During the year local bureaus increased in number. Their work should not be diminished nor their activities decreased. All who have read the BULLETINS must be impressed with the results achieved in this plan of prosecuting fraud. Active work has been done by many associations to meet the recommendation of last year's convention that prosecuting funds be established. Subscriptions to these have swelled the figures to thousands of dollars. In the BULLETIN will

be found, chronicled during the year, not less than threescore of cases, in which the investigation bureaus have brought to the bar of justice persons charged with committing fraud, or where members inspired by their example have organized committees to take charge of prosecutions which have resulted successfully. Yet they form but a small fractional part of what could be done with a better organized system and more adequate machinery.

Special attention is called to the substantial efforts of the postoffice department in apprehending and prosecuting those who have used the



*Chairman, Investigation and Prosecution Committee*

**D. L. SAWYER**

Tibbs, Hutchings & Co., Minneapolis, Minn.

mails for fraudulent purposes. This department has never failed to show an active interest in suspicious cases brought to its attention, and when undertaking these cases has never hesitated to assume complete command and carry all the expense, asking only for help in gathering evidence.

The Association is pushing forward amendments to laws already on our statute books, defining more accurately certain common methods of fraud, and making the penalty more nearly adequate. The Bulk Sales

Law was the first step in this direction, and the proposed Uniform False Statement Law referred to in the report of the Legislative Committee is another mark of this tendency. It is hoped that the passage of this measure will simplify the prosecution of commercial fraud in many cases.

Your committee has had voluminous correspondence with members of the Association in all parts of the country and its chairman has been privileged to visit many associations. Everywhere there seems to be a feeling that there should be more adequately equipped machinery for handling fraud cases. It is found that local prosecution funds are good and no one wants to see them abandoned but instead increased, yet it is seen that local funds have their limitations.

In short your committee finds that the experience of the past year leads to one definite conclusion: The National Association of Credit Men must establish a "National Investigation and Prosecution Fund," it must organize and equip a "National Bureau" with a competent staff aided by the best legal talent. Its general purpose should be to investigate alleged fraudulent failures, prosecuting them whenever and wherever the circumstances justify. Such a department would have many advantages. Its existence would tend to decrease commercial crime. When failures occur that appear fraudulent the nearest local association can immediately investigate. If it comes within their scope and power, the prosecution can remain under their direction; but if, as frequently happens, the failure extends beyond their territory and beyond their facilities and strength, they can put themselves in touch with such a national bureau, and this being thoroughly equipped for the service, can take quick action. Swindlers traveling from point to point can be routed out precisely as the bankers have routed out forgers and counterfeiters. Nothing less than a bureau having a national scope can accomplish such a result. This kind of crime is not limited to any locality. It affects in its injury and in its commission many parts of the country. A national bureau properly equipped could instantly communicate with and put into action anywhere the necessary forces.

The plan now suggested is different from the one abandoned several years ago. The work is to be carried on by specially designated officers and with the aid of a special fund gathered for the purpose. The work is a large work. It must be handled in a broad and liberal manner. This Association has paved the way for the organization of such a bureau and it is to-day better equipped for this task than it was a few years ago.

The plan of your committee then is that a bureau be established to be known as the "Investigation and Prosecution Bureau" of the National Association of Credit Men. It should be under the supervision of a special committee, named by the Board of Directors of the Association, and its work should be directed by a person having no other duties, aided by the advice of competent counsel. Every member of the Association should subscribe \$100 payable not to exceed 10 per cent. in any one year, on call, to the National Secretary-Treasurer.

Your committee believes no reasonable objection can be raised against paying \$10 a year into such a fund. It should be charged where it properly belongs—to insurance. Thousands of dollars a year is paid for other kinds of insurance and \$10 a year is a small item to add to the present expense.

But so small a sum, covering our membership, in a period of ten years would mean over one million dollars subscribed, more than \$100,000 available every year. The announcement that this fund has been secured would of itself tend to act as a deterrent to the commission of crime,



and by nipping intentions before they ripen into action, would decrease the loss that follows fraudulent failures. The existence of such a bureau might not necessarily mean the prosecution of every fraudulent failure, because that would be impossible; but it would mean the investigation of all those tainted with fraud, so thoroughly, that criminal prosecutions will increase in number.

If every suspicious failure can be thoroughly investigated, and, where the facts justify, can be prosecuted, it will be but a short time before those who might be tempted to commit crime in darkness will realize the inexpediency and danger because of the light.

The National Association of Credit Men in establishing such a bureau will be setting up a searchlight that can be instantly turned upon any fraudulent failure in any section of the country.

Neither your committee nor the Association believes that every suspicious failure will result in criminal prosecution; nor does it expect to secure conviction in every case that may be prosecuted. It realizes the technical difficulties in securing and presenting evidence, and the expense involved. It has, however, absolute confidence that a committee appointed by the Board of Directors, realizing to the full all of these difficulties, may nevertheless make such progress in the prosecution of commercial fraud as will lead materially to its reduction. Whenever prosecution fails because of defects in existing laws, this Association will always be ready to sustain the efforts of the Investigation and Prosecution Committee by endeavoring to secure any reasonable changes and modifications to meet such defects.

The committee recommends the adoption of the following resolutions:

## I

*"Resolved, That this Association, in convention assembled, hereby expresses its appreciation of the work done by our members, by attorneys and prosecuting officers throughout the country in the effort to diminish commercial fraud."*

## II

*"Resolved, That for the purpose of waging a more effective warfare against commercial fraud, there be established a National Investigation and Prosecution Fund, to which each and every member of the Association may voluntarily subscribe \$100, payable not more than \$10 in each year commencing with the 1st day of September, 1910, such fund to be collected and disbursed by the National Secretary-Treasurer, and further be it*

*"Resolved, That as soon as sufficient funds have been pledged, the Board of Directors proceed to the establishment of a bureau for the Investigation and Prosecution of Fraud. That it be authorized and empowered to employ a manager, counsel, and staff necessary to carry on its work, and further be it*

*"Resolved, That the details and policies of such bureau be under the supervision of the Board of Directors or a special committee appointed by it for that purpose, and further be it*

*"Resolved, That we hereby pledge our support to such a bureau, if organized, and pledge the assistance of this Association and of its affiliated branches in carrying out this resolution and the work thereby contemplated."*

### III

*"Resolved, That it is the sentiment of this convention that in establishing a national bureau for the investigation and prosecution of fraud there should be no lessening of effort on the part of local associations to establish and strengthen local prosecution bureaus, such bureaus being essential to the effective development of the national bureaus' aims and purposes."*

Respectfully submitted,

BOLLING H. JONES,  
J. A. MATHEWS,  
J. E. O'NEIL,  
E. F. SHEFFEY,  
D. L. SAWYER, *Chairman.*

Since preparing this report the following communication has been received from the secretary of the American Bankers' Association. We believe it requires no comment from your committee:

*"Mr. Charles E. Meek, Secretary, National Association of Credit Men, 41 Park Row, New York, N. Y.*

"DEAR SIR:

"At a meeting of the Executive Council of this Association held at Atlantic City, N. J., on May 3d, 1910, Mr. Lewis E. Pierson, the president of this Association offered the following resolutions:

*"Resolved, That a committee of three be appointed by the chair to confer with any similar committee that may be appointed by the National Association of Credit Men, in an endeavor to prepare a plan whereby there can be attained the successful prosecution of persons making false statements of financial conditions, and further*

*"Resolved, That the secretary notify the National Association of Credit Men of the appointment of this committee and that any plan that may be prepared be submitted to the Executive Council at its next meeting."*

"This motion was duly seconded and carried.

"Mr. William Livingstone, chairman of the Executive Council, appointed in accordance with the above resolution, the following committee:

"Mr. Sol. Wexler, Vice-President, Whitney Cent. Nat. Bank, New Orleans, La. Mr. E. J. Buck, President, City Bank & Trust Co., Mobile, Ala. Mr. William A. Law, President, Merchants' National Bank, Phila., Pa.

"The above resolution is self explanatory and we beg to submit same as well as the names of the committee mentioned herein for your information.

Yours very truly,

(Signed) FRED E. FARNSWORTH,  
*General Secretary."*

"New York, N. Y., May 5, 1910."

President McAdow—The report of the committee is before you for action, and the chairman, Mr. Sawyer, will have the floor.

Mr. Sawyer—I move the adoption of the first resolution.

Motion seconded and unanimously carried.

The resolution as adopted is as follows:

*"Resolved, That this Association, in convention assembled, hereby expresses its appreciation of the work done by our members, by attorneys and prosecuting officers throughout the country in the effort to diminish commercial fraud."*

Mr. H. W. Parker, St. Paul—I move the adoption of the report of the Investigation and Prosecution Committee and the resolutions as read in their entirety.

Motion seconded.

Mr. A. N. Ritz, Milwaukee—I wish to amend by substituting that we reject Resolution No. 2.

President McAdow—Mr. Parker, of St. Paul, moves the adoption of the report of the committee and the resolutions not already adopted, in their entirety. Mr. Ritz, of Milwaukee, moves to amend by striking out Resolution No. 2.

Mr. R. S. White, Chicago—I second Mr. Ritz's amendment.

Upon request from the floor, the Secretary read again the second resolution. [Presented above.]

President McAdow—The question before you is upon the amendment.

Mr. J. E. Stilz, Indianapolis—I am in sympathy with the spirit of this resolution, but I question the propriety of debating it upon the floor of this convention for two particular reasons:

While I believe we all have confidence in the recommendations of this committee and the establishment of this bureau, we are undertaking a very large proposition, I think, in its establishment, and it seems to me that it would be advisable instead of adopting this resolution upon the floor of this convention to refer the matter to the Board of Directors for further investigation, and if in their judgment such bureau should be established, if it is feasible, if it is practical, and if it can be established and successfully conducted, then let the board be empowered to establish such a bureau in such manner as or in similar manner to that recommended by our committee.

My other reason for being opposed to the adoption of this resolution upon this floor is the word which we have received from the American Bankers' Association signifying not only their desire but their intention to co-operate with this Association in the establishment of such a bureau, and a committee of three having already been appointed by the American Bankers' Association to confer with a similar committee from this Association looking toward the establishment of such a bureau, it seems to me that if we wish to co-operate with the American Bankers' Association and have them co-operate with us, if we wish to work together on this proposition, it would hardly be just and courteous to them if we committed ourselves to a certain plan of operation which this resolution if adopted would have the effect of doing. And it seems to me that if in the judgment of the Board of Directors such a bureau would be feasible that a committee should be appointed from this Association to confer with the committee of the American Bankers' Association. Let us in this way take the opportunity to co-operate with that organization looking toward the establishment of such a bureau. Their assistance would be invaluable to us, and doubtless ours would be to them, else they would not have taken this action at their meeting.

I am, therefore, opposed to the adoption of the resolution as read here at this convention, although I wish to record my sympathy with its spirit. I would be in favor of a motion to strike out the resolution. (Applause.)

Mr. Howard Marshall, New York—The gentleman who has just spoken moves as an amendment to strike out this second resolution. I trust that amendment will not prevail. I am in hearty sympathy with the idea of referring this proposition to the board. It is the most important matter that has ever come before a convention of credit men. (Applause.) And I believe as a whole we are in sympathy with the ideas suggested in these resolutions; but they involve great questions: The expediency of such a bureau, how it shall be operated, how the funds shall be solicited, how the million dollars shall be invested—they are all important questions; and I move as an amendment that Resolution No. 2 be referred to the National Board of Directors.

Mr. Marshall's motion was seconded.

Mr. A. N. Ritz—I wish to state my reason for asking you to reject Resolution No. 2. My reason has been expressed by the gentlemen who have spoken, I believe that this is not the proper time to consider it. While I am in favor of some such action as this, I do not believe it should be taken at this time; I think it should have more consideration; and the way pointed out by the speaker from New York is I believe right. Therefore I withdraw the amendment I offered.

Mr. D. L. Sawyer—I would like to call attention to the letter written by the American Bankers' Association. One of the speakers has evidently overlooked a portion of it. That association simply wants to co-operate with us in the successful prosecution of persons making false statements. Now, that is only a part of our work. We purpose prosecuting parties practising fraud in many other directions, not only in making false reports, but in secreting goods, in making fraudulent failure in any manner. I believe in co-operating with the American Bankers' Association, but they only ask us to do so in one particular.

This is an important matter and one that properly comes before this convention and should be disposed of. The expense of this matter amounts to only \$10 per year, per member, and it is really a question of insurance. The payment of such a sum each year is so small compared with the results or the benefits, that we will derive, that it seems to me there is no one here who would oppose paying that amount into such a fund. (Applause)

Mr. T. J. Bartlette, New Orleans—I think that the first consideration of this convention, when any question comes before it, should be as to its practicability. We are not men of theory. Every credit man has not theory confronting him but conditions. He must first ascertain whether the proposition put forward by the chairman of a committee could possibly be carried out. The committee which has just reported must have had in its own mind at the time the resolutions were drawn, a doubt as to the feasibility of their plan, because it states that the fund is to be raised by voluntary subscription. In other words, if 10 per cent. of the members of this organization wish to subscribe to that fund, they would be putting up their money and the other 90 per cent. would possibly get the benefit of it.

There is one other objection. It seems to me that in forming this national prosecution fund, we are starting to build the house by putting the roof on before we have laid the foundations or raised the walls. The original idea in getting up a prosecution fund was for each local



association to have a fund of its own and when any large case came up which was of too great magnitude for a local association to handle, it would then be referred to a national board. I believe with the gentleman from New York (Mr. Marshall) that the whole matter should be referred to the Board of Directors who can calmly consider it, who can take into their review every side of the case, and I believe that I voice the sentiment of every man in this assembly when I state that whatever decision that Board of Directors comes to will be heartily concurred in by the whole Association. (Great applause.)

Mr. A. J. Gaehr, Cleveland—The Cleveland association heartily favors the prosecution idea. We have our own fund in Cleveland. We devote \$5 of the membership dues paid by each member to the prosecution fund. But this idea of a million dollar fund is so new that we have not had time to consider it and I do not think a convention of 700 or 800 should hastily decide on the matter for 13,000 men. I heartily endorse Mr. Marshall's amendment.

President McAdow—The question is on the amendment of Mr. Marshall, of New York, amending Mr. Ritz's amendment, and referring the resolution of the committee to the Board of Directors.

Mr. S. G. Rosson, Baltimore—May I ask how often the board meets?

President McAdow—Twice a year.

Mr. Rosson—I would suggest that Mr. Marshall provide in his amendment the power to act. We are referring this to the Board of Directors, but are not authorizing them to act.

President McAdow—The chair will rule that the reference to the board gives them power to act, if it is the act of this convention.

Mr. Marshall's amendment referring the matter to the Board of Directors was then carried with but scattering opposition.

President McAdow—The question is on the amendment by Mr. Ritz, which now also becomes a reference of this second resolution, instead of striking out as originally made.

Unanimously carried.

President McAdow—The second resolution of the committee is now referred to the Board of Directors and the question is upon the third resolution, which the secretary will read.

The secretary then read the next resolution as follows:

*"Resolved, That it is the sentiment of this convention that in establishing a national bureau for the investigation and prosecution of fraud there should be no lessening of effort on the part of local associations to establish and strengthen local prosecution bureaus, such bureaus being essential to the effective development of the national bureau's aims and purposes."*

Mr. Adolph Landauer, Milwaukee—I move the adoption of the resolution.

Seconded.

Mr. A. N. Ritz, Milwaukee—If we adopt the resolution just read it means the acceptance of the second resolution. Therefore I move the rejection of the resolution before us.

Motion not seconded.

The motion to adopt the third resolution was then unanimously carried.

Mr. D. L. Sawyer—I make a motion that the chair appoint a committee of three to confer with the American Bankers' Association along

the lines given in their letter presented as a part of the committee's report.

Motion seconded and unanimously carried.

Mr. Marshall, New York—I desire to make an announcement which I think will interest this convention. We have been doing some prosecuting work in New York and have been very active along this line. We have received a communication which indicates success in a particular channel and I believe you will be interested in learning the outcome of the case in Devine and Ronan, indicted for uttering false statements. Three weeks ago Ronan committed suicide. Yesterday Devine pleaded guilty and was sentenced by the court to thirty days in jail. We have just received a telegram as follows:

"After long conference between the attorneys of Devine, Julius Henry Cohen, Bernstein and myself, by request of the court, we agreed that Devine should plead guilty and accept a sentence of thirty days in jail, and he has been so committed. Considering all the circumstances of the case, Julius Henry Cohen, Bernstein and myself are satisfied with the verdict. Inform the Association if you think it advisable." (Great applause.)

Mr. Enoch Rauh, Pittsburgh—I have an announcement to make. This is from the chairman of our prosecution bureau in Pittsburgh, received yesterday evening:

"The Lewis Adler false pretense case was tried last Friday. Notwithstanding the fact that the representations made by the defendant to Behrhorst, Grapp & Company in regard to his property were entirely verbal, the defendant denying every word of the evidence against him, and that he ever had any conversation with him in connection with the property, the jury after ten minutes' deliberation returned a verdict of guilty." (Applause.)

Secretary Meek—Those of you who were at the convention in Philadelphia a year ago will probably remember the reference made to a case (Cole & Hall), the investigation of which was just about starting. Within the last two or three days the case has reached a finish; and due very largely to the efforts of our associations in different parts of the country, both of the parties complained about have been sentenced to state's prison for one year.

In connection with this I want to mention one other case of prominence for the reason that the chairman of the Investigation and Prosecution Committee was largely instrumental in bringing it to a successful conclusion. Mr. Sawyer devoted a good deal of his personal time to it, and went to great pains to bring the offender to justice. The case has been heralded in the BULLETIN from time to time. I will not attempt to describe it to you, but will say this, that the party (Gray) complained about was first indicted, found guilty and punished by the courts of Colorado. At the expiration of the Colorado sentence, he was taken to Washington to stand trial. He has been convicted and has either been sentenced or is awaiting sentence. The district attorney in charge of the case in Washington attempted in the first instance to have him convicted as an habitual criminal and given a life sentence, but he says that he will be satisfied now after convicting him with securing a sentence of ten years, and he believes that as the man is wanted in almost every state in the Union on a similar charge, if the creditors in other parts of the country will keep their eyes open as they have done so far, the man will probably receive his life sentence just the same. (Applause.)

President McAdow—Our next order of business is a short talk

entitled "A Member's Duty." This was to have been delivered by Mr. F. L. Pond, of Denver, who is unavoidably absent, and in his absence the paper will be read by Mr. John T. Brady, of Denver. (Great applause.)

ADDRESS OF MR. FREDERICK L. POND, DENVER, COLO.

### A Member's Duty.

*Mr. President and Gentlemen of the Convention:*

The subject assigned me, though simple, even to being commonplace, if looked at thoughtfully will be found to involve a great deal more than at first glance appears. Picture, if you will, every member performing quietly, but with enthusiasm, his full duty to the Association, advancing its principles in his everyday work so far as the circumstances of his business permit, and standing ready ever to answer the call to join his fellow members in those plans and undertakings which require united effort. If such condition ruled, would there be any among us to let slip the careless remark that there is no good thing to be derived from associations, and do you not agree that the word "eligible," as applied to membership in our Association, would take on a meaning much less loose and elastic than to-day?

While older members of this Association see many evidences of the growth of loyalty to its ideals, yet there come up with too much frequency incidents which show that members are not alive to their duties in advancing the general interests of credit grantors.

For instance, we have often had part in our local adjustment bureau cases when settlements were delayed, and expenses needlessly increased all because one or two of our members would not file claims promptly and join with the majority in what it had ascertained is a fair settlement. I have myself many times sat in creditors' meetings when less than one quarter of the local claims were represented either by notice or in person. We can very readily realize that little can be accomplished under such circumstances. As credit men, we must admit that all this is wrong in principle and demoralizing in practice. Credit men who are guilty of such offenses are but blocking the wheels of progress.

The monthly meetings of our local associations are not merely for the purpose of eating and of discussing pleasantries, but expressly for the purpose of bringing credit men closer in touch with each other, developing their resourcefulness and exchanging views, important and necessary, on conditions in general and accounts in particular. The information one receives from others on such occasions is invaluable. Away from the confines of the office, one discusses the conditions of a particular account informally and broadly, while in business hours the same subject is discussed formally and briefly. It is of value and importance for you to know how others are doing the same thing you are trying to do, and their view will nearly always contain something worth while to you. And yet, with all these advantages flowing from our local meetings, some of our members, almost regularly neglect them and prevent the concerns whose interests they are supposed to take every means in their power to protect from receiving the benefits of these meetings.

The various local associations throughout the country have established branches for reporting on debtors. By means of these bureaus is systematized and simplified that exchange of credit information for which we as an association primarily stand. The importance of the development of this bureau idea along lines which shall be absolutely free from any purpose except to serve the members as economically as a high quality of efficiency will permit cannot be exaggerated, and credit men

should throw themselves willingly into this movement. I have observed many times that credit men do not give sufficient attention to the correctness of the reports they make their bureaus. In some cases this very important work is left to office boys and others who are not and cannot be in close enough touch with an account to report upon it intelligently. Is this fair? Are not the credit men who treat these matters thus carelessly dealing a severe blow at the bureau itself and leading some to say that the principle behind it is unworkable?

When a credit man finds several members of his association reporting as slow and unsatisfactory one of his customers, he immediately wants to know what the trouble is, why the customer is so reported. You can imagine his surprise in case he gets in touch with a creditor so reporting and discovers that the report was in error, that the account has always been quite satisfactory, with no trouble whatever in making collections. In such a case not only is the customer done a great injustice, but very possibly the credit man who started the inquiry scaled down his account and thus lost some sales. The fact that carelessness, and not bad intent, was at the bottom of the trouble makes it no more excusable. If this carelessness becomes general, the bureau will cease to be valuable; in fact, a credit man would be better off without it, for he must trust the bureau or let it alone.

For credit men operating in the same territory to give false information to their competitors is bad in the extreme. It disturbs confidence, disorganizes conditions, and usually reacts upon the offender. A credit man must be able to depend upon the truthfulness of his competitors, as they must also be able to depend upon him. Any other condition would but lead to chaos in credit granting.

I do not say that a credit man must tell all he knows about an account he is handling, but he must be strictly honest in any statement he does make. In this strenuous age of competition, with its big sales and close margins, men are expected to know their business, and the credit man of a large concern finds on his hands no small undertaking when it comes to fulfilling the conditions of his contract. He is expected to know. Few concerns will deny him the means of securing the knowledge so necessary to eliminate guesswork. One of the means of knowledge provided for the credit man is the organization of credit men through which members are devising this plan and that to safeguard the great credit system. Every credit man therefore has a duty toward it as truly as toward his house and himself. Indeed, his duty toward each is so interwoven with his duty toward the others as to be inseparable.

Credit men must work together, they must be in harmony with one another, they must get together frequently in an informal way, discussing general conditions and ideas, and it is only when our organization reaches perfect harmony, sympathy and understanding between its members, that we can eradicate the evil conditions which make our work most difficult.

My greatest satisfaction would be to see the various associations in this country working in absolute harmony among themselves and with other associations, and I urge upon your officers and members to realize fully the importance and the necessity of this in order to perfect the system of credit all over this country.

It should be the aim and desire of every credit man to be honest, fair and interested in his competitor, and when the future establishes this condition of affairs you will see vast improvement in the condition of accounts. You will not only help the debtor who is honest, but you will cut out the undesirable debtor, and in that way benefit yourselves.

(Applause.)



President McAdow—Our next order of business is the report of the Mercantile Agency and Credit Co-operation Committee, Mr. Samuel Mayer, chairman, Cincinnati, Ohio.

Mr. H. E. Smith, Columbus—I believe the convention appreciates the fact that the mercantile agency report is very valuable and one whose reading may be followed by considerable discussion from the floor. It seems to me the hour is so late that it would be unwise to begin such an important work as this now and with your permission I move that this report lie over until after the recess.

Motion seconded and unanimously carried.

Recess until 2.30 o'clock P. M., same day and place.

## SECOND DAY.

Wednesday, May 18, 1910.

### AFTERNOON SESSION.

Meeting was called to order by President McAdow at 2.30 o'clock P. M.

President McAdow then called for the report of the Mercantile Agency and Credit Co-operation Committee, Mr. Samuel Mayer, chairman. (Applause.)

#### Report of Committee on Mercantile Agencies and Credit Co-operation.

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

Your committee feels that the work which falls to it presents so many questions which require much time and thought for gathering facts and figures necessary for their proper understanding, that it has scarcely made a start to perform its duties when it becomes necessary to make a report. The exigencies of the situation seem to compel us to follow somewhat the plan adopted by the old darkey, who on meeting his master, in answer to inquiry as to what he was doing, said: "Massa, I'se preaching, I'se an exhorter." "Oh, you mean a preacher, don't you, Sambo; you are preaching the gospel, are you not?" and Sambo said: "Yes, Massa, I'se preaching the gospel, but I ain't no preacher; I'se an exhorter, Massa." "Well, now, Sambo, what is the difference between a preacher and an exhorter." And Sambo replied: "Well, you see, Massa, a preacher, he stick to the text, but an exhorter he hit all around the subject"—and so in this case your committee with such a short time to work has found it absolutely necessary to stick closely to the text given us to preach upon—that is, the resolutions on mercantile agency service and credit co-operation adopted last year by the National Association of Credit Men in convention assembled.

Inasmuch as this convention will vote upon a constitutional amendment dividing the Committee on Mercantile Agencies and Credit Co-operation, into two committees, one on mercantile agencies and the other on credit co-operation, your committee deemed it of advantage to the Association to frame their reply in two sections, classifying, so far as in its opinion seemed proper, the work that should be placed before each of these two committees, should the constitutional amendment before this convention be carried. We have made a slight change in the division of the work. We have included under the subject of mer-

mercantile agencies all that work dealing directly with reports from the mercantile agencies, what they do contain, what they should contain and how the National Association of Credit Men may be of service to them in improving the character of reports. We have classified under the subject of credit co-operation that branch of the work of the National Association of Credit Men merely dealing with the interchange of credit information; this covers the methods of securing freer interchange; the uses and abuses of credit interchange, and the agencies of the national and the local associations for the promotion and systematization of interchange of credit information. This classification of the work of the two committees is the recommendation of this committee in the event that the amendment to the constitution proposed to this convention, is carried. Without further preface, we will proceed to the report of this committee on mercantile agencies:

#### REPORT ON MERCANTILE AGENCIES.

Immediately after the organization of your committee, it caused a letter to be submitted to every president, secretary and the chairman of every local committee on mercantile agency service and credit co-operation, containing a copy of the resolutions adopted at the fourteenth annual convention and requesting suggestions as to the work of this committee. It particularly asked for suggestions in regard to the question of what can be done to secure a freer interchange of credit information with banks and bankers. On this subject the replies differed greatly. A great deal may be said on both sides of this question. Your committee hoped to work out some solution of the problem, but it has concluded that the problem is too large to be worked out in six months, and it therefore reports no definite plan, but urges strongly that the incoming committee on mercantile agency service and credit co-operation take up this subject with the American Bankers' Association and see if some plan cannot be devised with the assistance of the bankers to secure this greatly desired result.

We also asked for information with reference to the experience of members in regard to the proportion of signed statements appended to special reports of the mercantile agencies and in regard to the proportion of reports from mercantile agencies containing information in regard to fire insurance. We asked the opinion of members in reference to their views upon the advisability of requesting the mercantile agencies to adopt in their rating some sign, which might be placed opposite the name of every man who had failed in business during the five years preceding the publication of their book. This was asked to determine the opinion of the members on whether, if feasible, such a plan would be of advantage. The answers received to this inquiry, though meager, showed a hopeless division of opinion, and for that reason the matter was not pursued further.

Following the letter addressed to the various local associations, asking for suggestions, your committee after several meetings and discussions of the replies received, determined that it would not in any sense attempt to take up individual grievances; that it would not permit the use of the National Association as a cudgel to right individual wrongs; that it would devote itself this year, not to criticism of individual private wrongs, but to obtaining certain definite promises from the mercantile agencies on concrete improvements, which it believed would be of importance and advantage to the entire membership of the National Association of Credit Men.

In this connection your committee wishes to say that in far too many cases the answers received from individual members, lead it to believe that there is a misunderstanding as to the nature of the work of the Mercantile Agencies Committee. A great number of replies were received complaining of this or that individual report being defective; of this or that overcharge; of this or that failure to report new information, but comparatively few were received that had reference to any general defect in the present system of the mercantile agencies or any suggestions for improvement in their methods and operations. There were some notable exceptions to this. In two or three instances, the



*Chairman, Committee on Mercantile Agencies and Credit Co-operation*

**SAMUEL MAYER**

Isaac Faller's Sons Co., Cincinnati, Ohio

reports received from the local associations were of exceedingly great value and without specially mentioning the names of the cities, for fear of wounding the feelings of those others, whose reports were worthless, we wish to thank these local associations, and they themselves can see whom we are thanking from the fact that we are adopting some of their suggestions.

On the thirty-first day of March your committee addressed letters

"(2d) We would suggest that the item of real estate be separated into two items—real estate exempt and real estate non-exempt. The exemption laws of each state vary so largely that it would be of considerable value to the credit men to have a statement showing this item divided into two, as above described.

"(3d) We would also suggest that item 'Insurance on Stock' be capitalized the same as your word 'Chattel Mortgage.'

"(4th) We would further make the suggestion that underneath your statement 'Annual business amounts to' you put the additional item 'Annual expense amounts to.' We believe that this would serve as a salutary reminder to a great many individuals of the relations of net profits to business done, and that it might be a warning post not only to credit men, but also to the individual from whom you are securing a statement.

"We would further request that your reports on individuals should always make an explanation when no signed property statement is furnished with the report, as to why this is absent, stating that it has been asked for and refused, and if any reason for the refusal is given that reason should be expressed—in other words—we wish to know whether the failure to furnish a property statement with a report is due to the fault of the individual or is the fault of the agencies.

"We also suggest that when the item on 'Fire Insurance and Fires' is not answered in the first statement that a second request be made by your company for an answer to these specific items.

\* \* \* \* \*

"Another matter to which we would direct your attention is this—often a firm will make a request for a special report on a customer; your office has no report on that customer of recent date; it will furnish a report made up of some of its old reports and some little additional information. Subsequently thereto as a result of the inquiry started by your subscriber after the special report has been furnished by your office, new information comes to your attention and the customer receives a suggestion that you have additional information and is therefore forced to pay another price to obtain the information, which really should have been furnished at the first time. We appreciate that this information was not received by your agency in time to present it to your subscriber in the first report, but we would suggest that in fairness to the subscriber your agency adopt a rule of this kind:—That where a special report is requested by and furnished to a subscriber after new information comes to the mercantile agency within the next six months that a new revised report be furnished the subscriber, who requested the special report without any additional expense to the subscriber during the period of six months.

"These suggestions in general embody the particular items that this committee deems most important. There are a number of things, not mentioned in this letter, which we would like to discuss with you, giving and taking suggestions, among these being the broad general problem of securing additional trade information.

"Trusting that it will be possible for representatives of your home office to attend a conference between April 10th and 15th, at which conference will be present members of the Mercantile Agencies Committee of the National Association of Credit men, we are,

Yours very truly, etc."

(Portion of letter to The Bradstreet Company,  
replacing that between asterisks in Dun letter.)



"In investigating this particular phase of work we have found that your company, during the past year, has made an effort to co-operate with the credit men of the country in this particular method; however, we believe that a great deal more can be accomplished by establishing a uniformity of policy as to service, cost, etc., in all offices. It appears that no uniform method is being pursued by your agency in allowing the filing of the lists of names for information as to charges in listing, etc., for example:

Chicago—Lists same number of names free as contract calls for inquiries.

Baltimore—Lists names on which reports of any change are desired, free.

Kansas City—Has no uniformity, but treats each customer under separate agreement.

Philadelphia—Charges ten cents per name listed.

St. Louis—Lists one hundred names free, when so agreed.

Cincinnati—Permits the listing of the same number of names free as contract calls for inquiries.

"We do not believe that sufficient publicity has been given by your agency to the fact that it is willing to accept lists of names for voluntary reports on changed conditions, and we believe that such information should be conveyed by all local offices to all subscribers, so that they may avail themselves of this privilege. We believe that this would be of advantage not only to subscribers, but that it would result in increased revenue to your company and would also further very decidedly the ability of your company to supply trade information, inasmuch as your company would have on file the names of firms having dealings with customers who were probably considered doubtful accounts by members.

"Various criticisms have been made of the statements presented by the mercantile agencies to firms for a statement, as a basis for credit. Our committee after carefully considering the various statements furnished, desires to make the following suggestions for your consideration and to have the same discussed, as possibly your experience in this matter may modify our present views:

"(1st) For instance, we offer no suggestions about your statements that are submitted to corporations as ordinarily a concern that has been incorporated must necessarily have sufficient information about business to understand a statement and properly fill out the same. With regard to the statement furnished partners, we would make the suggestion that in your list of assets you separate into two separate statements the items 'Notes Receivable' and 'Accounts Receivable.'

"(2d) We would suggest that you separate in similar manner 'Cash on hand' and 'Cash in Bank.'

"(3d) We would suggest that some improvement be arranged in the method of transmitting confidential reports. As these reports are transmitted at present it would almost invariably result in the destruction of the report in opening the envelope. The same secrecy could be obtained for the report without the present disadvantages of pasting the report to the envelope.

"(4th) We would further make the suggestion that underneath your statement 'Annual business amounts to' you put the additional item 'Annual expenses amount to.' We believe that this would serve as a salutary reminder to a great many individuals of the relations of net

profits to business done and that it might be a warning post not only to credit men, but also to the individual from whom you are securing a statement.

"We would further request that your reports on individuals should always make an explanation when no signed property statement is furnished with the report, as to why this is absent, stating that it has been asked for and refused, and if any reason for the refusal is given that reason should be expressed—in other words—we wish to know whether the failure to furnish the property statement with a report is due to the fault of the individual or to the fault of the agencies.

"We would also suggest that when the questions on 'Fire Insurance and Fires' are not answered in the first statement that a second request be made by your company for an answer to these specific questions.

Yours truly, etc."

To these letters your committee received a communication from R. G. Dun & Company advising them that they would meet with your committee on the 19th day of April in Cincinnati at the office of the Cincinnati Association of Credit Men and delegating for the purpose of representing the company, Mr. Nixon and Mr. Scarlett, their local representatives in Cincinnati. Your committee received a communication from The Bradstreet Company, advising them that they would arrange a meeting in Cincinnati on the 15th day of April and that they had delegated Mr. Harding, the general manager, Mr. Strobhar, of their Philadelphia office, and their local representative in Cincinnati, Mr. Goodale, to represent them. At these meetings the recommendations proposed in the letter to the mercantile agencies above set forth, were discussed in full. We requested the mercantile agencies to verify their understanding of the results reached by letters and we received the following letter from Messrs. R. G. Dun & Company:

"Mr. Samuel Mayer, Chairman,

The Mercantile Agencies Committee of  
the National Association of Credit Men.

"Dear Sir:—

"Your invitation to a conference having been accepted by us, and our views on the various subjects presented made known to you, we now comply with your further suggestion that we put in writing the substance of our expressions on that occasion.

"1. LISTING OF NAMES. The matter of securing a greater degree of uniformity among our offices in regard to the handling of customers' lists will have our attention.

"2. ELIMINATING THE WORDS 'MERCHANDISE IN TRANSIT' FROM INDIVIDUAL AND FIRM STATEMENT BLANKS. After thorough consideration we have decided that there is a reasonable basis for the suggestion that these words be eliminated. The suggestion will be adopted.

"3. REAL ESTATE EXEMPT AND REAL ESTATE NOT EXEMPT. There are too many objections to this suggestion to permit of its acceptance. Perhaps it need only be pointed out that the adoption of such a change would involve calling upon the small and insignificant trader, as well as the more important ones, to determine a question of law and possibly lead up to 'unwillful deception,' if not indeed to a determination on the part of the trader to make no statement at all.

"4. CAPITALIZING THE WORDS 'INSURANCE ON STOCK.' This will be done.

"5. ANNUAL EXPENSE AMOUNTS TO. As this would in all probability prevent many firms from making any statement, its insertion in our statement forms would not, in our judgment, be advisable.

"6. IN THE ABSENCE OF STATEMENTS, TO SHOW THAT THEY HAVE BEEN ASKED FOR AND DECLINED. This is a cardinal rule of the agency and we would thank our subscribers to call to our attention any reports that fail to show that a statement has at least been asked for and refused.

"7. FIRE INSURANCE AND FIRES. After we have given a trader ample opportunity to give us information concerning fire insurance, etc., etc., we do not feel that we can reasonably be expected to duplicate or triplicate our demands for such information before the next revision period.

"8. NEW AND ADDITIONAL INFORMATION. We cannot agree that, after an inquiry has been fully answered according to our rules, we shall undertake to furnish, without extra charge, any subsequent information which might be compiled. 'We believe we are correctly gauging the sentiments of the very great majority of our subscribers when we consider their anxiety to be for those things that will produce a possible improvement in the service, rather than for those that would tend to cheapen it or lower the standard of the work.'

"Permit us to express our appreciation of the pleasant and satisfactory manner in which the conference was conducted on the part of your committee, and of the evident desire for fair and patient discussion which characterized the deliberations.

"We take this opportunity to reiterate that we are willing at all times to receive suggestions calculated to aid us in the performance of our duty to our subscribers. Such recommendations will always be given full and careful attention and any that will, in our judgment, contribute to the fulfillment of that duty will always have our favorable consideration.

Very truly yours,

R. G. DUN & COMPANY, etc."

We also received the following letter from The Bradstreet Company:

"Mr. Samuel Mayer,  
Chairman, Mercantile Agencies Committee,  
National Association of Credit Men,  
Cincinnati, Ohio.

"My Dear Sir:—

"In compliance with your suggestion, we herewith subjoin a summary of the matters discussed in our recent conference with your committee in Cincinnati.

"CUSTOMERS' LISTS. As stated orally, it is the practice of Bradstreet's to take 'Customers' Lists', the number of names accepted being based upon the privileges described in the 'Primary' subscription. This rule is observed throughout the organization, with the following exception, viz., that such lists are not accepted from subscribers who pay a minimum price for the loan of the volumes with very limited report privileges. Any subscriber may, however, file a list of customers without restriction by paying a nominal price, which can be arranged for with the office holding subscription.

"CHANGES IN STATEMENT BLANKS. You suggest that in the forms used for statements of individuals and firms the item 'Notes and Ac-

counts Receivable' be separated into two parts. We do this to some extent now and we will make all statement blanks uniform in this respect.

"A similar suggestion is made regarding the item 'Cash on Hand and in Banks.' This also has been divided in some of our blanks, the aim being to specify 'Cash on Hand' apart from 'Cash in Bank' *when the nature of the business and the amount of the funds would make the division of some consequence.* It should be noted, however, that in the great majority of subjects reported the net worth is far from being considerable, and in these instances the item of cash does not often figure very prominently in the assets. Experience has shown that the best results are obtained when statement blanks are simple in form, a fact which we must bear in mind, while endeavoring always to elicit the essentials.

"Concerning 'Annual Expenses,' provision for this item is made in some of our statement forms, but the intent of the question is likely to be misunderstood or to be considered too inquisitorial by many, and the incorporation of it in all blanks might tend to prevent our obtaining statements which otherwise would be forthcoming. It should be understood, however, that investigation upon this point is insisted upon and that the cost of conducting a business is not overlooked, but it is referred to in our reports *when it has the nature of an unfavorable factor.*

"COMMUNICATING UNFAVORABLE INFORMATION. Bradstreet's reports of this class are not 'pasted to the envelope,' as has been reported to you, but are typewritten on the folded sheet, and for an obvious purpose. Some improvement in the 'envelope' can probably be effected, however, and we will give the matter careful consideration. We are pleased to note that you also entertain the view that our general method of transmitting information of this character is superior to the system of requiring subscribers to call at the office, which is now employed but rarely and only under exceptional circumstances.

"STATEMENTS DECLINED OR NOT OBTAINED. It is our purpose and constant endeavor to extend the opportunity to submit a statement to every one reported by us who is deemed competent to make an intelligible exhibit of his financial condition, and when the extent and importance of the business warrants it. It is also our practice to set forth, generally in the first paragraph of each of our reports, a copy of a statement, if obtained, or a brief account of our failure to receive one, whenever that represents the result of our efforts in this direction. This is required by our existing instructions, to the importance of which we will again direct the attention of our superintendents.

"FIRE INSURANCE AND FIRES. With respect to this class of information, it is our practice to obtain and embody all essential data in our reports, when they have an important bearing on the financial condition or credit of the subject. It is perhaps unnecessary to point out, for example, that the loss of a few hundred or even of a few thousand dollars, fully covered by insurance, could have no detrimental effect on the credit standing of a subject worth from, say, \$250,000 to \$300,000, but be assured that the necessity for obtaining the fire record and incorporating it in our reports when it is an unfavorable factor, is fully recognized, and that no reasonable effort is spared to secure the facts in each case.

"FURNISHING 'REVISED' REPORTS WITHOUT CHARGE. You ask that 'where a special report is requested by and furnished to a subscriber and thereafter new information comes to the agency within the next six



months, that a new revised report be furnished to the subscriber who requested the special report, without any additional expense to the subscriber.' To comply literally with this request would be practically impossible. A completed report furnished by this agency is the result of an investigation concluded on the date set forth at the close of the report; it is never 'made up of old reports' as alleged, but is the final outcome of direct inquiries among our authorities, to which is added, when the occasion requires it, the antecedent information on our records. Before retiring the ticket of any subscriber, it is our invariable custom to furnish all information on hand or that may follow the making of any new investigation called for by the circumstances existing at the moment. If subsequently we gain knowledge of any material matters not dealt with in the first report supplied, a copy of the complete new report covering such matter is sent without charge to all subscribers who have made recent inquiries. In addition, a notification indicative of the character of the information, when important, is voluntarily furnished to all other subscribers presumed to be interested, irrespective of the dates of their inquiries. To set a time limit so extensive as a half year, within which we would keep on supplying, without charge, the entire contents of new reports in connection with one and the same inquiry would be impracticable and unfair to this company.

"TRADE INQUIRY BLANKS. In compliance with your suggestion, we have incorporated into our trade opinion blank the request for data regarding 'short payments,' and we believe that the present form, a copy of which is herewith enclosed, provides for every reasonable requirement and is generally applicable for use in all parts of the country and in all trades. We venture to suggest that you direct the attention of your members to the importance of responding, in confidence, as specifically and promptly as may be possible to these requests for information. Much has been accomplished in making the trade opinion feature of our reports full and comprehensive, but we are dependent upon the earnest and hearty co-operation of all dispensers of credit to effect the best possible results.

"Thanking you for the courtesies extended to us at our recent meeting in Cincinnati, we remain, yours very truly,

(Signed)

R. M. HARDING,  
General Manager."

By comparing the letters above set forth addressed to the mercantile agencies and replies thereto, it is apparent that there has been an entire misunderstanding in reference to last year's offer to permit the filing of customers' lists for notification as to matters of record and changes in mercantile rating. The agencies reiterate their statement of last year that the daily or weekly notification sheets will not be reinstated, and this matter may now be regarded as a dead issue. In regard to the substitute offered by the agencies there has been a failure to establish any uniform system governing the filing of customers' lists. The necessity of some uniform plan was strongly urged by your committee and to this request R. G. Dun & Company replies as follows:

"LISTING OF NAMES. The matter of securing a greater degree of uniformity among our offices in regard to the handling of customers' lists will have our attention."

The Bradstreet Company replied to the same question as follows:—

"CUSTOMERS' LISTS. As stated, orally, then, it is the practice of Bradstreet's to take 'Customers' Lists,' the number of names accepted

being based upon the privileges described in the 'Primary' subscription. This rule is observed throughout the organization, with the following exception, viz., that such lists are not accepted from subscribers who pay a minimum price for the loan of the volumes with very limited report privileges. Any subscriber may, however, file a list of customers without restriction by paying a nominal price, which can be arranged for with the office holding subscription."

Both agencies were asked to specify in their reports whenever a signed property statement was omitted, the reason for their failure to include this. Both agencies stated that this would be done and that they would be glad to have any omission of this character called to their attention.

Both agencies were asked to make a special effort to obtain and embody in their reports the fire experience of the firm and the amount of insurance carried. Your committee believes that not to exceed 33 1-3 per cent. of all reports sent out by the mercantile agencies contain any reference to fire insurance. To this request R. G. Dun & Company replied as follows:

"FIRE INSURANCE AND FIRES. After we have given a trader ample opportunity to give us information concerning fire insurance, etc., etc., we do not feel that we can reasonably be expected to duplicate or triplicate our demands for such information before the next revision period."

To this request The Bradstreet Company replied as follows:

"FIRE INSURANCE AND FIRES. With respect to this class of information, it is our practice to obtain and embody all essential data in our reports, when they have an important bearing on the financial condition or credit of the subject. It is perhaps unnecessary to point out, for example, that the loss of a few hundred or even of a few thousand dollars, fully covered by insurance, could have no detrimental effect on the credit standing of a subject worth from, say, \$250,000 to \$300,000, but be assured that the necessity for obtaining the fire record and incorporating it in our reports when it is an unfavorable factor is fully recognized, and that no reasonable effort is spared to secure the facts in each case."

Your committee called to the attention of both agencies, the fact that often as a result of the investigation started by the request for a special report, new information came into the hands of the agencies, and the subscriber was compelled to pay a second time for a report which he had really contracted for at the first inquiring. We asked them to fix a time within which they would agree to furnish without extra charge, and without further inquiry, any subsequent information received as a result of the inquiry originally made. To this request R. G. Dun & Company replied as follows:

"NEW AND ADDITIONAL INFORMATION. We cannot agree that, after an inquiry has been fully answered according to our rules, we shall undertake to furnish, without extra charge, any subsequent information which might be compiled. We believe we are correctly gauging the sentiments of the very great majority of our subscribers when we consider their anxiety to be for those things that will produce a possible improvement in the service, rather than for those that would tend to cheapen it or lower the standard of the work."

The Bradstreet Company replied as follows:

"FURNISH 'REVISED' REPORTS WITHOUT CHARGE. You ask that 'where a special report is requested by and furnished to a subscriber and thereafter new information comes to the agency within the next

six months, that a new revised report be furnished to the subscriber who requested the special report, without any additional expense to the subscriber.' To comply literally with this request would be practically impossible. A completed report furnished by this agency is the result of an investigation concluded on the date set forth at the close of the report; it is never 'made up of old reports' as alleged, but is the final outcome of direct inquiries among our authorities, to which is added, when the occasion requires it, the antecedent information on our records. Before retiring the ticket of any subscriber, it is our invariable custom



*Director*

**HOWARD MARSHALL**

Joseph Wild & Co., New York, N. Y.

to furnish all information on hand or that may follow the making of any new investigation called for by the circumstances existing at the moment. If subsequently we gain knowledge of any material matters not dealt with in the first report supplied, a copy of the complete new report covering such matter is sent without charge to all subscribers who have made recent inquiries. In addition, a notification indicative of the character of the information, when important, is voluntarily furnished to all other subscribers presumed to be interested, irrespective of the dates of their

inquiries. To set a time limit so extensive as a half a year, within which we should keep on supplying, without charge, the entire contents of new reports in connection with one and the same inquiry would be impracticable and unfair to this company."

Your committee is in receipt of sample tickets used by the Minneapolis Association of Credit Men referring back to the mercantile agency reports that make no reference to insurance. We believe that it would be well for the National Association to print blanks of this kind and distribute the same to members, which blanks may be used for referring back the reports for failure to mention insurance or failure to give property statements. We have covered this in a resolution at a later point.

Another question taken up with the agencies was the question of modernizing the form of inquiry blanks used by the agencies in inquiring for trade information. We believe that a great improvement is possible over the forms used at present and at our conferences were led to believe that both agencies were ready to adopt modifications. We append a form that we believe would be the best and submit it in Resolution No. 2.

In concluding this portion of the report we desire to submit the following resolutions:

## I

"WHEREAS, Both mercantile agencies have expressed their willingness to have their attention called to any short-coming in their reports in order that they may be given an opportunity to revise and correct the reports in question and to secure for themselves the highest possible standard of efficiency for their work, therefore be it

*Resolved*, That the National Association of Credit Men cause to be printed blanks of different colors, one marked R. G. Dun & Company and the other The Bradstreet Company as follows:

Your report on .....

.....  
Makes no reference to

INSURANCE  
SIGNED STATEMENT.

We will hold this ticket for additional  
information. ....

Date..... Our No.....

And, be it further

*Resolved*, That all members of the National Association of Credit Men be urged to use these blanks and to refer back to both mercantile agencies, reports that are deficient in either of these matters."

## II

"WHEREAS, The forms in use by both mercantile agencies are at variance with forms of trade inquiry blanks in common use among their subscribers; and

"WHEREAS, It is believed that the adoption of a trade inquiry form more in consonance with the forms in use among merchants would be of great value not only to all subscribers, but also to the agencies in the increased information gained and ease of securing the same; therefore, be it

*Resolved*, That the National Association of Credit Men in convention assembled, urge upon both The Bradstreet Company and R. G. Dun & Company that they adopt as inquiry form the following:



Sold how long .....	
Highest recent credit .....	
Owes. ....	Past due.....
Pays .....	
Remarks. ....	
.....	
.....	

#### CREDIT CO-OPERATION REPORT.

On the subject of credit co-operation, there was during discussion with the representatives of the mercantile agencies quite a little criticism with reference to the failure of credit men, members of the National Association of Credit Men, in certain localities, to give trade information to the mercantile agencies. We believe that this deserves more than a passing consideration. It is short-sighted policy in our opinion to refuse to give trade information to the agencies. The reason given in all of the instances and localities refusing, was that the firms in those localities were united in organizations to interchange and compile credit information and they refused to give this information to persons not under similar agreement with them.

Another complaint along the same line is embodied in a letter received from the western part of the country. This calls attention to a serious abuse of the use of trade inquiries. The statement is made that the firms in the western portion of the country are perfectly willing to interchange information with eastern houses at any time within reason, but that the privilege has been abused. Inquiry blanks of the National Association of Credit Men are received by merchants on the western coast, with a post-mark showing that they have been mailed within twenty-four hours. It appears that this has been done:—Firms in the East have given their salesmen trade inquiry blanks of the National Association with directions to mail them immediately on taking orders, to jobbers in the locality with a stamped envelope addressed to the "Credit Department" of the firm inquiring. This leads to an absolute abuse of the privilege. The result is that the houses finding that their courtesies are being misused, are, in a number of cases, refusing to answer any inquiries. Precisely the same complaint reaches the committee from the Atlantic Coast.

We would suggest that the matter be taken up along these lines: That in all cases where inquiries are made in regard to the standing of customers from whom a first order is received, which inquiries cannot carry with them the credit information of the houses asking or seeking the experience of the other firm, they should either be accompanied by the statement that the firm in question has given the house inquired upon as a reference, or should be accompanied by a letter of some kind from the credit department direct. The custom of permitting salesmen to mail inquiries direct at the time of taking orders should be discouraged. This will have to be more a matter of spirit than of letter. We cannot draw a hard and fast rule that will apply in all cases, but if the members of the Association will remember that one of the purposes of the National Association of Credit Men is the encouragement of interchange of credit information and will be guided by the spirit of the National Association of Credit Men, it is certain that these abuses will be stopped.

We mailed a letter to all associations in the country asking answers to six specific questions. They are:

(1) Does your association conduct a "Credit Interchange Bureau," and if not, does it contemplate forming one in the near future?

(2) Does your bureau compile information, or merely furnish the names of the firms interested?

(3) How many members have you in your bureau, and what is your charge per member?

(4) Is there any limitation put on the number of inquiries a member may make?

(5) Have you arrangements for exchanging information with other local associations?

(6) What lines of trade do your members particularly represent?

We received answers to this from practically every local association in the country. As a result of these answers we have compiled the following table:

	Compile Information	Use Card Index	Member- ship	Exchange with other Associations
Atlanta, Ga. ....		*	85	On request.
Baltimore, Md. ....	*	*	175	Glad to.
Boston, Mass. ....		*	65	
Buffalo, N. Y. ....		*	55	
Butte, Mont. ....	*		33	Willing.
Charleston, W. Va. ....		*	36	Willing.
Cincinnati, Ohio ....		*	125	
Columbus, Ohio ....		*	50	
Denver, Colo. ....	*		135	No. ✓
Fort Smith, Ark. ....	*		25	No.
Fort Worth, Tex. ....		*	All	No.
Grand Rapids, Mich. ....	*		33	No.
Lexington, Ky. ....	*		26	25c. for reports.
Louisville, Ky. ....		*		
Memphis, Tenn. ....		*	76	No.
Minneapolis and St. Paul..	*		150	No.
New Castle, Pa. ....	*		16	No.
New Orleans, La. ....	*		200	25c. for reports.
Norfolk, Va. ....		*	41	Glad to.
Oklahoma City, Okla. ....	*		30	No.
Pittsburgh, Pa. ....		*	100	No.
Pueblo, Colo. ....	*		35	No.
San Diego, Cal. ....	*		40	Yes.
San Francisco, Cal. ....	*		55	
Salt Lake City, Utah ....	*		103	With Boise.
Seattle, Wash. ....	*		100	Yes.
Spokane, Wash. ....	*		102	
St. Louis, Mo. ....		*	60	Glad to.
Tacoma, Wash. ....	*		50	Yes.
Youngstown, Ohio ....	*		125	Will reciprocate.

The table shows the associations that are operating "Credit Interchange Bureaus"; shows those bureaus that are compiling information and those that are operating what might be called the card index system, which merely consists in putting the firm inquiring in touch with the other houses that also are selling the same party. There is also in the right column the statement of what rules have been adopted by these associations for the interchange of information with other associations.

Certain peculiar facts develop from the examination of this table. Of the seventeen associations operating a "Credit Interchange Bureau," that compiles information, only four are willing to exchange information with members that are outside of their particular association. Here is where the difficulty arises that was mentioned before as a complaint of both R. G. Dun & Company and The Bradstreet Company. This is a short-sighted policy. Want of time prevents the presentation of any special plan for relief, but this is a matter deserving the closest attention of the new committee. We want to suggest that they take up the matter and work for some definite plan.

With reference to the associations operating the card index system; of the thirteen associations operating bureaus of this kind all appear to be willing to exchange credit information with outsiders except two. The system in this case permits of the free interchange of credit information. However, comparatively few of the associations have any working agreement for interchange with others. We would suggest that the following plan be adopted by all local associations operating the card index system of exchanging credit information:

That a list of the members of each association with the key number of each member be placed in the office of each local secretary of an association conducting such bureau. That these associations agree to furnish the key numbers of firms having had experience with parties inquired upon, on receipt of a request for such information and a stamped envelope accompanying such request. Such information would only be available by making application at the office of the local secretary for the interpretation of the key and in this way it would limit the privilege to those members that are contributing members to the interchange bureaus of the respective associations.

We urge upon the next committee to take up direct through the American Bankers' Association the matter of securing a better understanding with the banks in regard to exchange of credit information, and we propose at this time the following resolution:

"WHEREAS, Practically all local associations operating bureaus for the interchange of credit information have expressed their willingness to interchange such information with other local associations and members of the National Association of Credit Men, now, therefore be it

"Resolved, That in the opinion of the National Association of Credit Men in convention assembled, some uniform plan for the exchange of credit information among local associations and with individual members should be arranged by the local associations."

In closing this report, let it be said that the committee desires to express its thanks to the officers and members of the National Association of Credit Men and of the local associations, for the courtesies that have been extended to it and for their assistance in the work

that has been undertaken this year. This committee further feels that if, as a result of the work this year, it has succeeded in taking any one definite step forward and obtaining one specific pledge from the mercantile agencies that it will be well repaid for the work it has done.

Respectfully submitted,

GEO. GUCKENBERGER,

ISAAC A. WYLER,

W. B. JOHNSTON,

SOL. N. STIX,

SAMUEL MAYER, *Chairman.*

President McAdow—The report of the committee is before the convention.

Mr. F. J. LaMotte, Baltimore—I move the adoption of the double report and the resolutions therein contained, in their entirety.

Motion seconded and unanimously carried.

President McAdow—The report is adopted as read. Is there any further business under the head of the report of this committee? If not, we will pass to the next order of business, the report of the Credit Department Methods Committee, Mr. I. D. Kingsbury, chairman, Rochester, New York, who will present the report. (Applause.)

#### Report of the Credit Department Methods Committee.

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

The preceding committee bequeathed to us a number of suggestions, to all of which we have given our best thought. In attempting to carry out the ideas therein embodied, together with those of our own, we have been impressed with the urgent necessity for a greater uniformity in the activities of the various local associations and those of the national body, especially in the work of the standing committees.

A great many of the local associations have no committee on credit department methods. When we pause to consider that in its inception this organization was intended for the benefit of credit men, to every one of whom the matter of credit department methods is of vital importance, we must realize that this is not as it should be. We have our national committees, and they do their work; but how much more thorough and successful that work might be if, through co-operation with like committees of each of our seventy local associations, they were enabled in a sense to feel the pulse of the entire country, and thus form a more intelligent idea of its actual needs.

Your committee desired certain specific information, and accordingly addressed a communication to each association. The response was not satisfactory, so a second letter was written. Out of a total of thirty-one replies fifteen were to the effect that there was no local committee on credit department methods, and the fair presumption is that the thirty-nine associations which failed to reply were similarly lacking. Such co-operation as we received was most helpful, and it might not be out of place to mention particularly that of the associations at Chicago, New Orleans, Portland, Ore., St. Louis and St. Paul. We needed this co-operation, and felt that we were entitled to it. We take it that our experience is no different from that of the other national committees, and, in the hope that a recurrence of these conditions may be prevented, we have appended a resolution for which we ask your kind consideration.



Having read this lecture as a matter of strict duty, your committee is pleased to turn to a theme more pleasant. The Philadelphia convention adopted a resolution to the effect that all affiliated branches of the association be asked to assign at least one meeting a year to a discussion of some phases of credit department methods. We are able to report that our work among the local associations in this connection has already begun to bear fruit. As practical credit men we know of nothing which can be taken up by them to better advantage than the work of carrying out the spirit and intent of this resolution. The development of the



*Chairman, Credit Department Methods Committee*

IRA D. KINGSBURY,

L. Adler Bros. & Co., Rochester, N. Y.

credit department is still in its infancy, and, through the interchange of ripe experience for new ideas, these meetings should prove mutually beneficial to those attending them, furnishing as they will the opportunity to profit by the past and to contribute to the future. Your committee is sincere in its belief that this good work should be continued, and recommends the re-adoption by this convention of the resolution in question.

Your committee was charged at Philadelphia with the duty of preparing for exhibition a model credit department. Considerable time and thought has been expended in its preparation, the results of which you have already seen. We felt from the outset that it would be impossible to prepare a single exhibit which would meet the ideas or requirements of the entire membership, and have therefore shown two separate cabinets, one adapted to a business with a limited number of customers, the other designed more especially for a business with a large number of customers, requiring more elaborate records and a detailed follow-up system. Your committee became so much interested in its work that it decided to go beyond the instructions of the convention, and has arranged in convenient form blanks used by members in different lines of trade, this portion of the exhibit being so displayed as to bring the various forms prominently before the visitors to the model department. Those desiring copies of any of the blanks may obtain them by filling out a card provided for that purpose, the copies being forwarded to them after the close of the convention.

At the last convention a resolution was adopted with reference to the state regulation of collection agencies. This resolution was referred to the Legislative Committee, and mention of it has been made in its report to this convention. The necessity for taking steps to check the activities of irresponsible collection agencies is imperative. The National office has acquired a vast amount of information on agencies all over the country, and has used it to great advantage during the past year. Where word has been received that the solicitors of certain agencies were canvassing a community, prompt action has been taken to notify our members, either by mail or telegraph, with the result that the solicitors soon left for parts unknown. This service, in connection with the warnings which have appeared in our BULLETIN from time to time, and also in connection with the furnishing of prompt information on any agency specifically inquired about, has resulted in the saving of many thousands of dollars, and, we believe, in a feeling of appreciation on the part of the membership at large. And we desire to express the hope that the National office will not again be called upon to point out to some inquiring member the fact that, had he read his BULLETIN, he would have saved the money he voluntarily paid over to some fake concern whose name had there been given prominence.

The National Association of Credit Men favors the liberal exchange of credit information. Through its efforts in this behalf "Commercial America" has been set on a higher plane. The old ideas of secrecy, jealousy and suspicion no longer prevail; the free dissemination of information under proper conditions has been found to have a reciprocal value; and your committee believes that the mercantile agencies also have come in for more liberal treatment in the matter of receiving information, the benefit of which is reflected in their reports. The Association's trade inquiry blank has been in general use; only occasionally need we record its abuse. Some few of our members have been known to use these blanks for the purpose of obtaining advance information on prospective customers. A glance at the blank itself will show that it was provided for no such purpose. The exchange of credit information should be mutual, reciprocal and free. Where either of these elements is lacking, or where for any other reason our members are led to believe that an inquiry is not made in good faith, they are justified in their refusal to reply, and by so doing help the common cause.

Members furnishing agencies with credit information should be given

an opportunity to protect themselves against its being used in channels other than those for which it was originally intended. It appears that certain reporting agencies with collection departments, enjoying the confidence of their clients, and handling a large volume of business, have been using information furnished their reporting departments for their own purpose of locating weakness. That much accomplished, the machinery of the "collection" department is set in motion, the unfortunate is approached with the information that an extension or a compromise is his only salvation, and he pays his betrayer a good round sum for effecting one. The situation is similar to that of a wrecker watching with hungry eyes a ship in distress, and eagerly praying that it will not escape the rocks. Your committee has been gathering evidence for some time. This will be turned over to the incoming committee with a recommendation that it continue the investigation, and, if warranted, that it lay the matter before the Board of Directors for action. You will not only protect yourselves by placing the National office in possession of any information you may have, but will at the same time do much towards exposing a most disreputable practice.

The use of Association blanks has continued satisfactorily, and with some financial profit. The figures show that between June 1, 1909, and May 1, 1910, a period of eleven months, there has been an increase of 20,725 over the sales during the preceding twelve months. The sales this year were as follows:

Property Statement Blanks.

A	9,450
B	5,650
C	5,050
D	16,950
E	11,650
F	11,025
G	5,125

Total.....64,900

Trade Inquiry Blanks.

159,000

The property statement forms now in use, while perhaps appearing rather complicated, represent years of the very best thought and work of many of our members. The committee has received a number of suggestions as to their improvement, and some of considerable merit, but feels that at the present time it is best to refrain from making any change. The suggestions offered would undoubtedly strengthen the forms in their local application, but little or no general benefit would result.

Right here we desire to emphasize the necessity of carefully scrutinizing the answers in these signed statements. Owing to the development of the business of buying accounts receivable, particular attention should be paid to having the questions on this subject definitely answered. Your committee has frequently had its attention called to circulars issued by houses making a specialty of either advancing money on or buying these accounts outright, and while it may occasionally be necessary to borrow in this way, we are satisfied that its continuance is pretty certain to end in disaster, especially where borrowers pay both interest and brokerage for the accommodation. Small concerns whose credit is strained are frequently persuaded to take advantage of what appears to be an easy way of procuring a loan. They had much better confer with their creditors. Borrowers fail to enter such transactions on their books, and

in some cases the facts have been drawn out only through examinations in bankruptcy proceedings. Your committee has considered the advisability of requiring the registering of an assignment of accounts receivable in the same manner as the law provides for the registering of chattel mortgages, bills of sale and conditional sale contracts, and we recommend that the incoming Legislative Committee examine into this, taking such action as it may deem necessary or proper.

At various times the question of a voucher check has been presented to the convention, and in the model credit department we have exhibited one designed by the joint committee of the American Bankers' Association, the Society of Railway Financial Officers, the Association of Railway Accounting Officers, and the American Association of Public Accountants. This check combines negotiability with a complete statement of the account, and merits the approval of every bank. The subject is fully treated in Volume 1, No. 7, of the *Journal of the American Bankers' Association*, copies of which may be obtained from its secretary.

Last year's committee submitted a form of "guarantee of account," but the accompanying resolution instructing the National office to furnish such forms was promptly tabled. Your committee has again considered this matter, and while it has found a number of excellent forms, it knows of no one available for such general use as to make it a standard. In getting out its blanks the Association must remember that its membership extends into every state of the Union, the statutes of which are not uniform. Your committee has been advised that it is impossible to draft a blank which will meet the requirements of all the states, and is constrained to recommend that this matter be allowed to sleep.

This conflict of the law makes it practically impossible for the credit man to post himself generally on many legal questions of importance, but he can and should master the laws of his own state governing the ordinary commercial transactions. Your committee is moved to regret that opportunities for education in this direction are being sadly neglected. The National office has done its part, and only recently offered to supply copies of the report of the Commissioners on Uniform State Laws, containing the various American uniform commercial acts. A comparatively small percentage of the membership took advantage of this offer. The ambitious credit man should avail himself of every privilege accruing through his affiliation with the Association. He is the man we need in order to realize our fullest possibilities.

There has been a general demand for the publication by the National office of a blank to be supplied salesmen for reporting on new customers. Your committee has carefully considered this question, and begs to offer the following form:

(Name of House)

DEAR SIRs:

I submit the following information concerning

FULL NAME OF EACH PARTNER	NATIONALITY	AGE	MARRIED

..... of .....  
 The firm has been in business since .....  
 Formerly were at .....  
 or clerked for .....  
 of .....

or (here state other antecedents) .....  
 .....  
 Lines of merchandise carried? .....



Your estimate of present value of stock? \$. . . . . Condition of stock? . . . .  
 Do they do a cash or credit business? . . . . . Amount of annual sales? \$. . . .  
 City or country trade principally? . . . . .  
 Location relative to business centre? . . . . .  
 Local opinion as to habits? . . . . . Ability? . . . . . Expenses? . . . . .  
 Is stock well insured? . . . . . For how much? \$. . . . .  
 Is firm thought making money? . . . . .  
 Is the firm, or any member of it, engaged or interested in other ventures?  
 . . . . .

If so give particulars . . . . .  
 Real estate in own name, if any, consists of . . . . . houses, . . . . .  
 vacant lots, . . . . . business stores and valued at \$. . . . .  
 and mortgaged for \$. . . . .  
 of this real estate the following is used as homestead . . . . .  
 and valued at \$. . . . . and mortgaged for \$. . . . .  
 . . . . .

If they are just starting in business, what capital has the concern and  
 in what shape? Cash, \$. . . . . other assets, \$. . . . .  
 Describe the other assets . . . . .  
 . . . . .

Buy principally from the following houses (give address):  
 . . . . .  
 . . . . .  
 . . . . .  
 . . . . .  
 . . . . .

Yours respectfully,

.....  
*Salesman.*

This matter will be placed before the convention by an appropriate resolution.

The National office has issued a sticker designed to help correct the evil of unjust discounts. This has met with very general approval, and its sale has been most gratifying. It is intended for use only in those cases where the unfair deduction is a small one, not making it worth while to return the check. Your committee believes that a similar sticker, to be used in all other cases, would prove of service to the credit department, and accordingly suggests your consideration of the following:

"DISCOUNT FOR CASH is a Premium for PROMPT PAYMENT, within the time and upon the terms as agreed, and when NOT EARNED should not be claimed and cannot be allowed. As time for the deduction of cash discount has expired, we cannot allow the deduction, and return your check for correction.

Issued at the instance of

NATIONAL ASSOCIATION OF CREDIT MEN."

This matter also will be brought to your attention by a resolution hereto appended for that purpose.

Since issuing the sticker first above mentioned requests have been made for similar ones modeled to meet various individual requirements. We do not believe that it is wise for the Association to undertake to comply. Members desiring specially designed labels can arrange to

supply themselves, securing the privilege of using the Association's name in case their form shall meet with the approval of the Committee on Credit Department Methods.

Our predecessors endeavored to obtain from the Post Office Department certain changes dealing with the listing of rural free delivery routes in the arrangement of the postal guide. As shown by their report of last year, they were unable to get a reply from the Postmaster General. Your present committee took this matter up, and, through the courtesy of the Hon. M. E. Driscoll, Representative in Congress from Syracuse, succeeded in having it called to the attention of Postmaster General Hitchcock, who finally replied as follows:

"OFFICE OF THE POSTMASTER GENERAL.

Washington, D. C., March 19, 1910.

Hon. M. E. Driscoll,  
House of Representatives,  
Washington, D. C.

MY DEAR MR. DRISCOLL:

Your letter of the 12<sup>th</sup>. in which you suggest that certain changes be made in the Postal Guide for the benefit of the Credit Men's Association and wholesale dealers generally, was duly received.

In reply I beg to advise you that the Guide in its present form is the result of mature deliberation on the part of a committee appointed some two years ago to consider the advisability of changing the size of the publication which had become too bulky for practical purposes. As a result of the committee's investigation, much information of possible interest to individuals was omitted on the ground that it was not essential to the proper handling of mail. The Guide in its present form meets all requirements of the postal service, while to print lists similar to that suggested by your correspondent would so increase the cost that the appropriation for its publication would be inadequate.

For the reasons stated, I regret to say that it will be impracticable to comply with your suggestion.

Yours very truly,

F. H. HITCHCOCK,  
Postmaster General."

It would seem, therefore, that the matter is closed, at least so far as the present administration is concerned.

Various committees have brought up the question of book-keeping by retailers. This seems to us to call for individual action, being a matter difficult to bring prominently before the members to be benefited. We feel that extended comment on this subject is unnecessary, and simply commend to your consideration our Resolution No. 5.

At its annual meeting in November, the Board of Directors appropriated the sum of two hundred and fifty dollars to be paid out in the shape of prizes for articles on credit department topics. Arrangements for the competition were left in the hands of a special committee, consisting of the Chairmen of the Business Literature and Credit Department Methods Committees, and the Secretary-Treasurer. This special committee will report that many articles of merit have been received. The work of your present committee has shown that a large number of

our members are anxious to improve the methods of their department, and would welcome the suggestions of others. We therefore recommend that all the best papers be referred to the incoming Business Literature Committee, for the purpose of having it decide as to which may be available for printing in pamphlet form.

The work of the legal bureau established by authority of the twelfth annual convention, and operated under the auspices of this committee, has received our careful consideration. This bureau has now passed the experimental stage, and continues to serve its useful purpose. Many interesting questions have been submitted to our counsel, whose well prepared opinions have found their way into the columns of the BULLETIN. The bureau is altogether a most valuable adjunct to the National office, and its service is yours for the asking.

#### RESOLUTIONS.

Your committee presents the following resolutions:

1. "WHEREAS, It is believed that the best interests of the membership at large would be better conserved through the co-operation of the various standing committees of the National body with similar committees of local associations; be it therefore

*"Resolved, That each affiliated branch be requested to appoint forthwith standing committees to correspond with each standing committee of the National Association of Credit Men."*

2. *"Resolved, That all affiliated branches of the Association be asked to assign at least one meeting a year to a discussion of some phases of credit department methods."*

3. "WHEREAS, There exists among our members a demand for official salesmen's report blanks; be it

*"Resolved, That the National office be authorized to issue, for sale to the membership, blanks of the same general form as that embodied in the report of the Committee on Credit Department Methods."*

4. *"Resolved, That the National office be authorized to issue for sale to members an additional 'discount for cash' sticker, the substance and form of which shall be similar to the one recommended by the Committee on Credit Department Methods in its report to this convention."*

5. *"Resolved, That we urge each member of this Association to conduct a campaign of education among his own customers, along the lines of improved accounting, thus bringing this important subject more strongly before the retailers of the country, to the end that better methods may be obtained, and disaster averted."*

Respectfully submitted,

H. B. BUELL,

C. E. BULL,

L. S. FOULKES,

EDWARD WETER,

IRA D. KINGSBURY, *Chairman.*

President McAdow—The report of the Committee on Credit Department Methods is before you.

Mr. Kingsbury—I move the adoption of the five resolutions as read, carrying with it the adoption of the report. Motion seconded and unanimously carried.

Mr. H. R. Bridgman, Buffalo—I move that the exhibit referred to—the committee's report, which it has at such pains brought

together—be boxed up and sent to the various local associations so that all our members may have the opportunity to examine it. Perhaps a week in each town where there is a local association will do. The secretary can determine its course from city to city, beginning at New York, thence to Boston and then to the different associations till all have been covered.

Seconded.

President McAdow—The motion is offered that the exhibit made by the Credit Department Methods Committee be kept intact, under



*Director,*

ENOCH RAUH

Rauh Bros. & Co., Pittsburgh, Pa.

charge of the secretary, and shipped from one city to the other throughout the country and be in charge of each affiliated branch of the Association at least for one week.

Mr. F. W. Risque, St. Louis—I move to amend that by having duplicates of the exhibit made, so far as forms, blanks and description are concerned so that there shall be one for each affiliated local association, to be its permanent property and for its own use. In



explanation I would say that to take the round-about way suggested would mean two years gone before the last association is reached.

Mr. Bridgman—I will withdraw my motion and let Mr. Risque's motion take the place of it.

President McAdow—That may be done as there is no objection. Mr. Risque moves that duplicates be made of the exhibits, and as I understand it, the duplicates will be the blanks only and not the furniture.

Mr. Risque—The blanks, forms and descriptions, without the furniture is intended.

President McAdow—And that a copy or duplicate of this exhibit be furnished to each local association.

Mr. W. J. Lipsay, Chicago—Could not the secretary give us some information as to the advisability of the forms being printed in the BULLETIN? In that way the great expense involved in making up duplicate forms might be avoided.

Secretary Meek—I do not think we could do that on the small BULLETIN sheet.

Mr. Risque—I presume it would not be very much work to send to the donors of those blanks and secure about seventy-five copies, and if there is any expense about it, I am satisfied the St. Louis association will be glad to pay its proportion of the expense.

President McAdow—The motion of Mr. Risque contemplates that the work be under the charge of the national secretary, I presume.

Mr. Risque—Yes, that is my thought.

Mr. T. J. Bartlette, New Orleans—In one part of the committee's report we find that it says that those desiring copies of any of the blanks may obtain them by filling out a card provided for that purpose, the copies being forwarded to them after the close of the convention. It seems to me that that disposes of the entire matter.

Mr. Bridgman—There are about 12,000 members not here who do not know anything about the exhibit.

President McAdow—The motion is to furnish duplicates of this exhibit in accordance with the motion of Mr. Risque.

Unanimously carried.

Mr. H. O. Roberts, Minneapolis—It occurs to me that one of the most important things to be considered is printed forms and when you consider what has already been accomplished by Mr. Green, of Minneapolis, and what could be done by every association affiliated with this National Association, I do not think you have begun yet to reach the things possible for the advantage of the local associations. I think we should go further and find out more along this same line and help the credit man by giving him what others are already using.

Mr. I. D. Kingsbury, Rochester—I might say in answer to that suggestion that the committee worked as hard and earnestly as they knew how, and spent all the time they could, to get all members to send out the blanks that you are using and the reports issued. How many of you responded? Early in our work it became necessary in order to get enough blanks to fill our forms that we should go to a publisher and borrow blanks that had been sold to other people—some to members of this Association, and some to those who, we hope, will be—and we cut off the advertising matter and put the blanks in our exhibit, because we could not get the co-operation asked for from the members. (Great applause.)

Mr. Risque—Simply as a matter of interest I can shake hands with my successor and say that since I have come to this convention one of our old and honored members told me that he had a most excellent system all the way through. It answered his purpose and he thought it was perfect; but we did not receive a blank from him.

President McAdow—We are young yet and will grow and have another committee later on.

Mr. L. L. Paget, Portland—In this connection I would like to say that Portland has a little exhibit in the back of the room here in connection with this Credit Department Methods exhibit. We have inaugurated in connection with our association, a system of drafts through country banks, and we have made it more or less permanent. In behalf of the Portland association I would like to ask the National office to accept that exhibit and if possible give it some prominence in the National office.

Mr. Risque—I move that that offer be accepted with thanks.

Motion seconded and unanimously carried.

Mr. Fred A. Smith, Chicago—I offer this as a suggestion, that the committee allow another thirty days for any member present here to submit samples of forms which might be of interest to the other members, before the outfit is made up and forwarded to the different associations. I will admit myself that I have not turned in any forms or copies of those which I am using. It was an oversight. I was busy, and before I realized it, it was too late. I have a few forms that I would be willing to submit and will gladly do it, and others are doubtless in the same position. It is not necessary to make a motion, but it is a mere suggestion that the committee wait about thirty days and incorporate with what they already have, the additions that they may possibly get in that period.

President McAdow—The suggestion will go into the record.

We will pass to the next order of business, "Cost of Doing Business as a Credit Factor," by Mr. E. W. McCullough, secretary of the National Wagon Manufacturers' Association, Chicago, Illinois.

Mr. McCullough—I do not believe any other organization on earth would have stood this hot weather and so many remained in the room, but as I understand the credit men occasionally have to sweat, and probably this little experience makes you feel no worse than you do under some other conditions.

ADDRESS OF E. W. McCULLOUGH, SECRETARY OF THE NATIONAL WAGON MANUFACTURERS' ASSOCIATION.

### **The Cost of Doing Business as a Credit Factor.**

*Mr. President and Gentlemen of the Convention:*

I deeply appreciate the honor of this opportunity to stand before you and present a phase of business, that in the evolution which is bringing about better things must, I believe, occupy more of our attention than heretofore.

I have listened with wonder and satisfaction to your reports of the progress you have made in making it difficult for the ill-intentioned to succeed and to your plans to prevent the dissipation of the estate of the delinquent and to many other measures of a restrictive character founded on principles of right and justice. I wonder, therefore, if I will strike a discordant note if I venture to introduce in my

remarks a plea for the consideration of preventive measures, not in opposition to but as co-operative with proper measures of restriction.

There is a growing belief that the question raised ages ago, whether or not we have any responsibility for our brother's welfare is being answered more and more in the affirmative by great growth in all co-operative movements. Will it not then be economy as well as assuming our measure of responsibility to assist him in avoiding mistakes in which we must share with him the results. This brings me directly to my subject, "The Cost of Doing Business as a Credit Factor."

We make no claim of originality in bringing forward at this time an old but often neglected truth—that all costs must be provided for in selling prices before there can be a profit. The age of estimates and guessing is rapidly giving way to knowledge forced by competition and the rule of "show me." We have to-day no isolated communities, where formerly because of the lack of adequate transportation, the merchant was the arbiter both in the selection of goods and of the measure of profits as well. Competition is prevalent everywhere, and in its intensity is creating new conditions and new problems—the survival of the fittest and the passing of the unfit is being accomplished with much greater rapidity than formerly.

The credit post-mortem of 1909 reveals the fact that 91 per cent. of all failures had less than \$5,000 capital invested, only 17.6 per cent. failing because of such unpreventable causes as neglect, speculation, and fraud, while 63.6 per cent. was due to incompetence, inexperience, and lack of capital, and the remaining 18.8 per cent. is chargeable to causes closely allied with incompetence. Commercial statistics for the past four years show that failures resulting from incompetence, inexperience, and collateral causes have gradually increased, making an inquiry at this time most pertinent.

While my subject, "The Cost of Doing Business," has its ramifications in every transaction of barter and sale, with your permission I will confine my attention largely to its application to that great channel of merchandise distribution, the retail merchant, for it is through his hands most of the returns from crops and labor first pass. The retail merchant has ever been and will continue to be the most economical and beneficial agency of the manufacturer and wholesaler for the maintenance of relations between the producer and consumer, *provided* that, with the co-operation of the manufacturer and wholesaler, he is given the benefit of certain forms of business knowledge, which have taken them generations to acquire. For instance, a large number of retailers lack a knowledge of or are, to a very large degree, indifferent to fixed and incidental expenses in making up their selling prices, rather meeting the prices of their competitors than originating prices which they know contain profit.

It is the distance to be bridged between the delivered cost of any commodity and its selling price that demands accurate knowledge to fill, and when supplied by guess or estimate makes a coward of the merchant, for not knowing his limitations, he is frequently tempted to meet unwise competition and consequent loss.

Granting that character, capital, and ability are the principal essentials in the extension of credits, we can only be reasonably certain of the credit applicant possessing the first two; while the question of ability or business qualifications can only be accurately known by becoming familiar with what he is actually doing, requiring closer co-operation between the manager of credits, manager of sales, and traveling salesmen.

About three years ago the leading concerns interested in the manu-

facture and sale of what may be termed "farm equipment" became alarmed over the extraordinarily rapid changes occurring annually in the ranks of their customers. There were many failures, notwithstanding the fact that crops were good and the prices they brought excellent, there were many who traded out of this line of business into some other; there were also many who wound up their business and retired; but while in the aggregate the number of merchants engaged in farm equipment lines were not materially reduced, quality was fast being sacrificed to quantity in their business qualifications.

It may be well to mention here that the items which go to make up a dealer's stock are largely branded goods of a most intensely competitive character and are commonly bought and sold on time, requiring on the part of the retailer a fair amount of business knowledge and judgment as well as capital.

With the decline in the business fitness of the retail merchant and the consequent large expense of constantly making new customers, the manufacturers and jobbers awoke to the fact that there was something radically wrong; also the retail merchant, that is, the progressive element of him, gave voice to his troubles at the meetings of his trade associations, for with the decline of prices under competitive conditions and the increasing of personal and business expenses, the once satisfactory margins were reduced to an uncertain quantity and he did not hesitate to charge the manufacturer and jobber with being the prime cause of his ills, through the multiplying of agencies and the fact that they were placed with retailers of doubtful responsibility, who sold at prices having no relation to cost.

The manufacturer and jobber replied that lack of interest and energy on the part of the retailer had brought the necessity of multiplying agencies and that his reckless price cutting in the effort to drive out new dealers had resulted in profit demoralization. So much for the conditions that forced the manufacturer, jobber, and retailer to join hands to probe for facts. Over a year was spent by a committee made up of representatives of all three divisions of the trade in delving into conditions surrounding the line, and the report the committee made was not only a revelation to those directly interested but has formed a basis for similar investigations now being made in various other lines.

The important points brought out were, briefly stated, these:

That both wholesalers and retailers were almost equally responsible for the conditions.

That any desired change must come through co-operation.

That the maintenance of satisfactory conditions could only be possible through closer relations between all branches of the business.

That the manufacturers and jobbers had shown little or no concern in the welfare of the retailer beyond taking his orders and collecting pay for his bills.

Inquiry of traveling salesmen revealed the fact that not 5 per cent. of them knew what their goods were being retailed at. From a selling standpoint, the customer was judged more by his volume of sales than any knowledge of his net profits or worth.

The retailer had, in many instances, made this line his first business venture and had chosen it because of his previous familiarity with the use of agricultural implements in his farming operations.

With capital and character satisfactorily established, he had no difficulty in securing credit, and as his purchases were largely on liberal terms, he entered the field to secure trade according to the dictates of his



inexperience and his desire to sell goods. He regarded only the invoice price and freight as cost, and if his competitor had not already set a selling figure as a criterion he guessed at the amount to add to cover what he termed "*profit and incidentals*" and his guess rarely proved a safe one; nor was the new merchant the only one lacking in ability or inclination to fix his selling prices profitably, for many an old timer, being a graduate of the period of moderate competition, large profits, and light expenses, continued old methods and was unconsciously setting a ruinous price pace for his fellow merchant to follow.

The lack of system in accounting was found to be general, particularly with reference to giving attention to daily, monthly, or yearly expenses in their relation to costs and profits. Such items as rental of real estate or buildings owned by the concern and used in conducting their business, salaries or wages for the proprietor and members of his family employed, depreciation of stock, fixtures, or tools were generally disregarded—in fact, we received numerous written statements to the effect that selling prices were not made up from a consideration of the costs of doing business, but rather by estimate or the figures already established by competitors.

I am only using the commodity referred to as an illustration of a condition which I believe will be found in the retailing of many lines of merchandise, *i. e.*, that the majority of failures charged to incompetence are blameable to this one cause, neglect or failure to provide in their selling prices the proper percentages to cover the expense of doing business. The skill of the buyer, the art of the salesman, and the sagacity of the credit guardian may all be defeated by this insidious enemy of success, yet the remedy is simple, sure, and easily applied.

Conditions in manufacturing twenty-five years ago were not dissimilar to those now prevailing in retailing, quantities of materials and labor were not difficult to determine, but all other expense, both describable and undefined, were commonly lumped under the term "overhead," represented by a fixed percentage which was used religiously from year to year, until the glamour was jarred from it by some radical change in factory processes or new managerial talent. Competitive conditions in that period permitted the adding of a most liberal estimate for this undetermined quantity, consequently the majority of guesses fell for a time on the right side, but to-day there are few manufacturing institutions of any magnitude or importance which have not a special department equipped to ascertain and apportion every element of expense or cost and thus broad estimates and uncertainties are to the greatest degree eliminated and not only are the totals of expense proven, but each item manufactured is only loaded with its proper burden.

The successful wholesaler in these days of large volume and slight margins must not miss the smallest item of current expense in summing up his costs, for the lines of profit and loss are not widely separated.

Are we to conclude then from this that the retail merchant must work out in like manner his own commercial salvation, and while undergoing such transition, must we, his creditors, suffer largely the penalty of his maladministration? The attitude most of us have taken is in assuming that men in business meant business men—while the facts are, the large majority entering the retail business to-day not only lack previous experience, but, particularly in rural communities, do not possess even the rudiments of a business education. If some succeed, it is generally because they possess ample capital, coupled with a talent for merchandising, or an ability to hire experienced employees; but the rank and

file who enter business in any line with limited capital, no experience, and depending on time to acquaint them with proper methods and insure their success, are surely leaning on a broken reed. This class, which forms so large a percentage of our credit applicants, is tossed about in business waters, anchoring here and driven there, until those fitted to survive have demonstrated their ability to live, and the rest sink, leaving, in most cases, small salvage for those who supplied the cargo.

What are we going to do about this large volume of commercial waste which makes up so high a percentage of our business failures? We have awakened to the need of conserving our forests, mines, water power, etc., and in manufacturing we have turned much of our former waste into valuable by-products—in fact, economy is the order of the hour, and while our progress in eliminating much waste of capital, energy, and profit has been very creditable, yet an appalling amount still remains for treatment.

Is it not possible to take the vast number that insist upon entering the retail business each year imperfectly equipped, lacking in some particular the elements of success, but all possessing a determination to make and not lose money, and, by a slight change in our present methods, turn out a better finished product and more of it? I believe we can, and by ways and means that are neither visionary nor impracticable. The remedy lies with the credit and sales divisions of any business, but it requires a greater amount of sympathy and co-operation between them than now generally exists; it will mean coming closer to the merchant and his affairs than ever before and taking something akin to a personal interest in them. The secret of the continuance of many old houses who lack the up-to-dateness of their competitors, is largely this personal interest in their customers, and it will be an important factor in this problem of ours.

Let us assume that we have the opportunity of selling the new merchant his opening stock, or part of it,—he has sold a farm or inherited the money he is putting into business, which is a fair amount for the size of the town and the volume of business he is likely to do—he has a good character and has no difficulty in passing the credit test; he has, however, no business knowledge or experience, but of course thinks he knows the line, but both the sales and credit manager soon learn he does not. The common practice to-day is for the credit department to attach a watch signal to his account and request the sales and accounting departments to keep tab on him. He may close his first business day with a loss, and so continue until he becomes slow pay or defaults a payment before we are aware of it or seek to know him better. Even then our desire for knowledge of him is only to enable us to collect our bill and pass him on to others upon whom the eventual loss must fall.

Such a customer becomes a doubtful risk from the very moment he enters business, and neither sales nor credit rules at present go far enough to aid in saving him from the results of his inexperience. It is true that the shortening of terms of sale has curtailed the loss possibilities of such a risk, but his early exit only makes room for another.

The credit manager cannot be omnipresent with his thousands of risks, yet knowing that the supreme test of the success of any business is the volume of net profit it makes, should this test not be applied to every credit and some means adopted whereby this information may be supplied? Do we not need something more definite than the property state-

The matter of ascertaining whether or not a merchant is doing business?

ness safely and profitably is not always easy and may involve considerable tact and diplomacy, but as these are notable parts of a credit manager's equipment, most difficulties may be overcome. Every true credit manager of houses selling the retail merchant has made a study of his line and is in touch with it in all branches sufficiently to know the costs of doing business in an establishment selling his commodity exclusively, and can also ascertain the average expense of retailing any line kindred to his and commonly handled in connection with it. These average costs or expenses of doing business are now positively known by those familiar with the retailing of agricultural implements, vehicles, hardware, groceries, etc., and must eventually be known in all lines.

The modern merchant has learned in seeking credit not to resent the request for a property statement, and this affords one means of securing information on this important point from merchants one year or more in business, and we would recommend adding to such statement blank at least two more points:

*Give the amount of gross sales for your last business year.*

The answer to this question would show how often capital is being turned and indicate (if a statement as to bills and accounts receivable were given) the relation of cash and time sales.

Also:

*What percentage of gross sales were your costs of doing business?*

The answer to this would show at once (if truthfully given) whether or not any attention were being given to this important feature, and whether expenses were above or below the generally accepted average.

At first some difficulty would be experienced in getting these questions answered, especially that relating to the percentage of expense, but the very appearance of the question on the statement blank is suggestive and the customer would be impelled to ascertain his costs and their relation to his sales, for his own information first and eventually yours because you required it.

I do not believe that these two questions would unduly encumber our present property statement forms, but I feel they would pave the way for another credit safeguard.

Another step, however, should be taken by the sales department to secure knowledge as to whether a customer is making profit on its line as well as on his heaviest leaders. This can be done by ascertaining the customer's retail prices on the department's various lines, either through the traveling salesmen or through correspondence, and then testing them for profit by considering the delivery cost of such items plus the average cost of doing business deducted from the selling price. If, of course, the customer has figured his profits satisfactorily on his several important lines it is reasonably certain he understands and pursues the same practice on his other lines.

Undoubtedly a number of retailers will be found whose selling prices cannot stand the test, yet they may belong to that class of merchants which possesses all the other elements of success, and is worthy of being saved from going on the rocks.

After learning the manner in which his customers are doing business, a modern salesman can, in a friendly and tactful manner, offer the very suggestions his customer most needs and will find it welcomed by the large majority. I am aware that this will add to the salesman's duties, but in most lines, especially in working out-of-town trade, ample time will be

found for it. The salesman of to-day must be a better and bigger man than ever before. It is he who in most instances is the only representative of his house the merchant ever sees; he must be more than a mere taker of orders, and this opportunity of co-operating with the credit department in safeguarding the interests of his house and customer will appeal to him, for in no division of commercial effort is there more insistent demand than for high-grade representatives to the trade.

In concluding, let me say that the check put upon business in 1907 has not been without its lessons, and chief among them, I believe, is this,—that business volume and expansion do not spell success unless each transaction carries its own burden of expense and profit. Again, that in the extending of credit, the ability of the merchant to know and apply properly his costs of doing business should no longer be determined by casual observation or by his record for a time in meeting his obligations, but it must be ascertained and known beyond question, for thereon largely depends his success and your ultimate profit.

Upon concluding the reading of his paper Mr. McCullough said:

I noticed in the report this afternoon that the commercial agency declined to ask the total amount of expenses of a concern it is investigating; still I do believe that its appearance on the credit blank would suggest to the merchant the need of his having that information, and in a reasonably short time upon persistent demand he would yield and give you the information. (Great applause.)

President McAdow—We will now receive the report of the Adjustment Bureau Committee, by Mr. D. G. Endy, chairman, Philadelphia, Pa. (Applause.)

### **Report of the Adjustment Bureau Committee.**

*To the Officers and Members of the National Association of Credit Men.*  
GENTLEMEN:

The ethics and functions of our adjustment bureaus during their experimental stages have been constantly under the scrutiny of the National Association, and have been so thoroughly discussed and explained by those in authority that there should be no room for doubt as to the scope they are intended to cover. The tendency of some of our bureaus to place themselves in a position to handle ordinary mercantile collections indicates that the real purposes and objects for which adjustment bureaus were founded are in such instances being lost sight of. This collection business in our bureau work has always been emphatically proscribed by the National Association of Credit Men and for every day it continues the Association is cheapening itself and losing influence and prestige.

Our presidents, both past and present, in their annual addresses have taken pains to point to the danger which will surely follow compromising with this evil.

The whole question was so plainly and succinctly brought out by Mr. Fessenden in his annual address at the Chicago convention, that for the benefit of those bureaus which are losing sight of the real adjustment bureau purposes we quote from it as follows:

"I believe each local association should control the policy of the Adjustment Bureau formed by its members, should work in harmony with other Adjustment Bureaus, and that the work be confined to members of the Association of Credit Men. Any



tendency to make of a bureau a general collection agency should be strongly discouraged. In my opinion, the minute any affiliated association surrenders its identity as an Association of Credit Men pledged to carry out the principles advocated by this organization, in whatever form the connection is disguised, that minute the influence of that association is weakened, if not lost, and it ceases to be a factor in the grand work we are carrying on."

There are several potent reasons why adjustment bureaus should, if they handle collections at all, confine their efforts to their own membership. As a rule they are in no better position to secure results,



*Chairman, Adjustment Bureau Committee*

D. G. ENDY

Artman-Treichler Co., Philadelphia, Pa.

especially when items have to be forwarded to a third party, than the ordinary collection agencies. In some cases, where experiments in making collections have been tried, results did not come up to expectations and criticisms followed which have not only been disagreeable but seriously damaged the Association in more than one way.

The fundamental reason for eliminating collections entirely is that the principles of our Association are absolutely opposed to commercialism

in any form. Another reason is that in our legislative work, both national and state, it has been frequently charged that our institution is nothing more nor less than a large machine used for enforcing the payment of our members' claims, a charge which it should not be difficult to meet. You will all appreciate how necessary it is at such times to be able to offer a defence which shall be without reservations.

Three separate and distinct methods of operating adjustment bureaus have developed:

First, The corporate form in which stockholders are limited to members of a local association, and the management is in the hands of a salaried employee.

Second, The general corporate form—in some cases without the stockholding feature—with the management in the hands of an attorney employed on the fee basis, he at the same time being actively engaged in the general practice of law.

Third, The committee form of management, a committee composed of representative members handling each case on its own merits, engaging such assistance, legal and otherwise, as may be deemed necessary.

The first plan is the ideal one, for in a majority of adjustment cases, all that is required is an administration such as a capable, experienced man of affairs is equipped to provide. If it is not expedient to operate along this line, then the only proper method to pursue is by means of a committee authorized to engage counsel and such other assistance as may be necessary. Under no circumstances should the management of a bureau be delegated to a third party whose only interest is the revenue it brings him.

Evidences of slipshod methods in the conduct of bureau work have come to the committee's attention and this opportunity is taken to impress upon those primarily chargeable with the management of our bureaus, the absolute necessity for exercising the most extreme care even in the smallest detail; always bearing in mind that the quality of their work not alone reflects upon those directly responsible, but affects the entire Association. The National Association of Credit Men is an organization with high ideals and its work in every particular must be of the kind that will stand the test. It cannot afford to allow itself to be used for any selfish ends.

Your committee on several occasions has been obliged to call attention to a most pernicious practice of allowing attorneys in some way connected with the bureaus to use Association stationery for the purpose of exploiting their private business. A decisive halt should be called to this practice.

The rules and regulations adopted at our last convention had in view the linking of bureaus of the various affiliated branches under a more uniform system for the promotion of harmony and efficiency. At the same time they allowed a wide latitude to the individual bureaus in the conduct of their affairs. These rules have been in practice now for a short time only, and so far, there have been few objections to them.

The question of providing a medium through which our individual membership could be brought into touch with the work of the adjustment bureaus was delegated to the chairman of this committee and the secretary-treasurer. They decided that it is inexpedient to take any steps in this matter until the general bureau work has assumed some form of regularity.

Your committee deems it ill-advised for bureaus to make outside connections in cities where local associations are in existence, even

though they may have no adjustment bureau. In our opinion, it is a piece of absurdity for a local bureau to place business in the hands of some concern which has absolutely no sympathy with the adjustment bureau work. As our general membership would suspect, when the situation is analyzed, it is found that the majority of the suggestions which would be dangerous to adopt emanate from the bureaus managed by attorneys.

The theory underlying the adjustment bureaus, that creditors should have at hand, equipped to do prompt and intelligent service, a medium dominated solely by them, through which insolvent or embarrassed estates can be settled either by compromise or liquidation, is undoubtedly sound; and as a further justification for these bureaus we would point to the opportunity they afford the honest debtor, embarrassed or possibly hopelessly insolvent, to treat directly with his creditors. The bureau which conscientiously strives to meet these requirements deserves the united and generous support of the entire membership.

The average business man of to-day is disposed to treat liberally the debtor who exhibits an honest effort to extricate himself from his difficulties and shows an inclination to act fairly and above board. Bureaus organized, not for the purpose of profit, but for the economical administration of matters entrusted to them, without question aid materially in reducing the annual failure loss of their patrons.

The whole question comes right down to this point which we here emphasize with all the force in our power; that the management of the adjustment bureaus must hold to conservative lines; high ideals consistently must guide them, and with confidence once fully established, no reason can be given to doubt their ultimate success.

From the statements filed with the committee covering closed cases, we find that the bureaus reporting have adjusted cases involving liabilities of \$1,133,969.36, with nominal assets of \$652,898.57. Creditors were paid \$419,044.82. Fees of operating bureaus amounted to \$18,826.47 and \$4,514.80 was paid to others in the shape of fees. The total number of creditors represented in these cases was 5,683. Of this number the bureaus represented a large majority.

The following resolution is submitted for your consideration:

"WHEREAS, It has been fully demonstrated that adjustment bureaus occupy a legitimate place in our work, affording as they do a medium through which debtors can secure amicable settlements with their creditors without unnecessary waste of assets; and

"WHEREAS, The rules adopted at the last annual convention have served to promote more uniformity in their operation; therefore, be it

"Resolved, That we severally and individually pledge our support to the efforts which the officers and directors of this Association are making to place the management and work of the bureaus upon the highest plane possible."

Respectfully submitted,

H. W. COFFIN,  
W. B. CROSS,  
JOHN DUFF,  
S. G. ROGERS,  
D. G. ENDY, *Chairman.*

Just before reading the resolutions Mr. Endy made the following comments: I wish to say that quite a number of prominent bureaus

failed to give their reports as requested and I will be obliged to refer the names of the delinquents to the Board of Directors for action in that matter. (Applause.) I move that the report and the accompanying resolution be adopted.

Seconded and unanimously carried.

Mr. Howard Marshall, New York—I desire to say just a word to the convention in respect to adjustments in New York City. The question has often been asked—Why does New York not operate an adjustment bureau? We have never had in existence or operation an adjustment bureau upon lines similar to those established in other cities, but we have at all times maintained machinery helpful to the entire membership of this Association in failure cases.

The reason that we have not operated an adjustment bureau in New York is because it would have been simply impossible to do so upon the lines that the other adjustment bureaus have operated. There is scarcely a failure in the entire country in which there are not New York creditors.

Now, there have been times when we have been deluged with requests to forward claims to local adjustment bureaus.

You may readily understand that if we were going to solicit claims we would not be able to undertake any other kind of business. We would have to operate in a large and expensive way, and have twenty or thirty employees, and it would mean a very great expenditure of money.

However, in the past we have endeavored as far as possible to comply with the reasonable requests of adjustment bureaus; we have often received a list of creditors with a request to secure the claims and forward them to us. We started in to do that; we went up and down the streets and solicited certain claims telling the creditors why they should hand them to us. After a while the concern which had given the claim over to us would inquire what had been done with it. We in the meanwhile had written inquiring regarding the condition of the estate. More than likely we got no response; we would write again. This letter very likely was not answered and we were unable to tell these people who had committed their interests to us what was being done.

Now, I do not want to detain you long but I want to say this: We have been compelled in New York City to give up that sort of thing. It savored too much of pure collection agency business and we are opposed to this Association putting itself in the position of doing a collection agency business.

But I want to say this: While we do not have an adjustment bureau we are always ready to do what we can for members of this Association in so far as failures in New York City are concerned. If you want our help in any failure in New York City, you send to our office; if you want us to take your power of attorney to act for you in a bankruptcy case we will do it, but it must be confined to our home limits, our own city; and we will do everything we can for you, but we must absolutely decline to go into the claim forwarding business.

Not very long ago we had an attorney representing an adjustment bureau write to ask us what we would expect in the way of com-



pensation for doing certain soliciting work. Indeed, we have had claims sent to us for collection.

Now, gentlemen, we are not in the collection business, and we are never going into it, but we will take hold of your interests where we can and do what we can for you in insolvent cases within our own limits.

I simply want to make that explanation because I do not want New York to be criticized for not following in line with the spirit of adjustment bureau work for we have no desire to put ourselves in opposition to the proper development of the adjustment bureau principles. (Applause.)

Mr. James F. Jordan, Minneapolis—In no spirit of criticism of what my friend Marshall, of New York, has said do I arise to answer; but I would dislike very much to have this convention adjourn with a seeming cold shower thrown upon adjustment bureaus. (Applause.) I do not think that Mr. Marshall's sentiments were intended in that spirit but merely as an explanation of local conditions in the city of New York, and in that spirit I am sure that the members of this convention will accept the remarks of Mr. Marshall.

Further, upon the subject permit me to be a little personal. For several years the associations of St. Paul and Minneapolis discussed the formation of an adjustment bureau, and I think largely because of my lukewarmness refrained from organizing, but finally did so and caught me napping. They took advantage of my absence at a meeting and elected me president of the bureau. (Laughter.)

The first year the board of directors of the bureau never met. Everything was left to the manager of the bureau; and by the way, we are organized as a corporation under the form recommended by the chairman of your committee. At the end of the year I wondered what I was there for. I hope my friend, Prendergast, is present, because we broke into the National Association at the same meeting, and I want him to learn a little of practical politics. (Laughter.) I made up my mind that not only my board of directors but I, also, had been very delinquent, and I proceeded to gather proxies and be prepared for the annual meeting, and at that meeting I saw that every member of that board was re-elected, and how effective my work was you may understand when I say to you that I received every vote and I voted myself. (Laughter.)

I immediately called the board together and told them what I had done, and that we would meet at least once a month to consider matters coming before that bureau. Gentlemen, we have never missed a meeting. We go, by the way, directly from our offices once a month and sit down to a little luncheon together in the evening. We decided to notify all of the representatives of various lines—dry goods, groceries, boots and shoes—to meet with us at these meetings, to take part with us, to enter into our discussions, so that they might see the work of the board. I want to say that every line of trade that has met with us has gone away enthusiastic over the work being done by our bureau. (Applause.)

We have had under serious discussion at various times the collection feature but have refrained absolutely from considering collections. (Applause.)

We have gone further than that, and at one of our meetings we had every collection agency in St. Paul and Minneapolis represented

as a part of us, and we have taken particular pains to say to the agencies: "We are not interfering with your work, but when we want to control a case in bankruptcy on the lines of Harold Remington's talk, when we want to control a trusteeship, you must work with us." We asked them to do so, and they are doing it. We have no trouble with the agencies because we are not soliciting claims for that purpose but merely for the purpose of saving to you at Chicago or Cleveland or Toledo and other points any unnecessary expense of handling bankruptcies or trusteeships that originate in our locality.

In thinking of my friend, Sawyer's proposition I have thought that possibly this bureau work I have described may be the solution of our national prosecution fund, if we ever conclude to engage in it. We have in Minnesota a fund of some \$25,000 raised for the purpose of investigating frauds in bankruptcies and in failures, and I assure you that in any case in which you can furnish us with sufficient evidence it will be prosecuted to a finish.

It occurs to me that it might be well for the Board of Directors of this Association to ask the various adjustment bureaus throughout the country to meet either with the board or with the annual convention, for the purpose of originating some plan, some agreement, whereby not only the Minnesota fund and that in Chicago and in Milwaukee and elsewhere can be for the benefit of all, but any fund at the disposal of the National Association. (Applause.)

Mr. O. G. Fessenden, New York—As I understand, adjustment bureaus were established for two purposes: One purpose was to take in hand the affairs of a man who could not pay his debts. The committee would take charge of his affairs and pay to the creditors what they could, and if there was anything for the man he would receive the benefit of it.

The next purpose was in the case of a failure to have the creditors act together, taking over the man's business and getting out of it what they can.

I am of the opinion that if two amendments to the bankruptcy bill are adopted by Congress, as I believe they will be, the adjustment bureau will be more of a monument than anything of practical use. One of the amendments to the law provides that a man may offer a composition before he is declared a bankrupt. In other words, he can go to his creditors and say: Gentlemen, appoint a committee, come down and examine my affairs and help me to adjust them equitably. He then files his petition, offers his composition, and every creditor must accept it, if a majority of the creditors in number and amount vote to do so. That relieves him of the stigma of being declared a bankrupt.

Under another proposed amendment to the law, the fees of receivers and trustees in such cases are so small that they really can handle a case of bankruptcy cheaper than any adjustment bureau.

So that I think that if we will only keep cool the whole question of adjustment bureaus will be fixed up by the amendments now pending. (Applause.)

Mr. Clarence Braden, Louisville—I would like to ask what is going to become of the investment in these adjustment bureaus. I will say for Mr. Jordan that he is fortunate in having two cities so closely connected that the adjustments are sufficiently large both as to amount and number to justify the operation of an adjustment bureau without taking on any collections. We in Louisville invested our money in an adjustment bureau. We have steered clear of the attorneys; we have

nothing to do with them; but there are not enough adjustments in that territory to justify the employment of a capable manager; and if you do not have a capable manager your bureau is of no account. Now, if you are going to pay a capable manager you must have a revenue; if you do not get it from adjustments you must get it from collections and as long as the adjustment bureau handles the claims the returns are more satisfactory than from a collection agency or from an attorney whom you employ. The adjustment bureau charges no more for collections and it treats everybody right. Why there should be any objection to the acceptance of collections by those adjustment bureaus I cannot understand.

Mr. T. J. Bartlette, New Orleans—After hearing Mr. Marshall, of New York, I readily understand the difficulty that that city has in conducting a bureau on the lines originally outlined by the credit men; and right here I want to thank Mr. Endy, the chairman of the committee which made the report, for his description of the ideal adjustment bureau, because that adjustment bureau is right here in the city of New Orleans and has been conducted from the start along the lines outlined in that report. (Applause.)

We early recognized the rock on which some of the other bureaus had split by permitting outside interference in their workings. We recognized the fact that in order that our work should be done properly, efficiently and to our satisfaction, it must be done by ourselves and under our own complete guidance.

To that end we did exactly what some commercial houses have done—we established a collection and reporting bureau of our own. That collection and reporting bureau is at the service of every member of our association, whether he is in New Orleans or in New York. We know no line of demarcation; we are one association; we do not recognize any politics or any religion. All we want to do is to assist every member of our association, no matter where he is, whether in New Orleans or New York; and we would do as much for Mr. Marshall's house in New York as for Williams, Richardson & Co. in New Orleans.

Now, in order to do our work we knew that we had to have money. As Mr. Braden, of Louisville, has said, we cannot conduct any kind of work unless we have a revenue, and in order to get that revenue we simply do for each one of our members what that member might do for himself. The only additional thing that we do is to combine all that work under one management.

The office is under the direction of directors who delegate their work to three of their members, constituting an executive committee who as members are in close touch at all times with every detail of the office.

We know that sometimes friction may arise between the office and members and we long ago adopted the practice of issuing a letter to our members asking them as a favor to us and to themselves to call to the attention of the secretary any cause of complaint that they had against the office. We give assurances that complaints would be immediately taken up with the executive committee and settled at once, no matter whether the office is wrong or the member is wrong.

We yield to no one, not even to the gentleman from New York, in our loyalty to the National Association and in our admiration of the men who founded the National Association and the lofty purposes which actuated them; but we do know that while we have our heads

in the clouds we have got to have our feet on earth, otherwise we cannot take a step. (Applause.)

We know that it is idle to talk to a man about theories, about high principles, about what ought to be done when the millennium comes, unless we can show him some practical way of carrying out those ideas.

We have not done any harm to ourselves in the three years that we have been in existence and we have saved our members at least \$10,000 per year in fees alone; we have saved money and have saved many an embarrassed debtor who under ordinary circumstances would have fallen by the wayside, and we have created such a feeling of confidence, not only in the lawyers but in the customers in this immediate territory, that whenever an honest lawyer and an honest debtor get together they immediately apply to this association for relief and that the affairs of that debtor may be placed in our hands for settlement. Where the honest lawyer and the honest creditor get together they also place their affairs in our hands and it is only when the dishonest lawyer and the dishonest debtor get together that we find it necessary to use that implement that was originally conceived and handled so efficaciously by the first and greatest American of them all—the big stick—and we use it to its fullest extent. (Applause.)

Mr. George W. Curtis, Fort Worth—May I be permitted in advance to apologize to New York City? This discussion reminds me of a story which I did not want to tell until our friend from New Orleans had made his very appropriate remarks. The story is about a nigger and a rabbit; you can locate the nigger and the rabbit after I get through. The nigger was passing by a graveyard one night, and like all niggers (as you in New Orleans know) he was in a hurry (laughter); and just about as he got to the corner of the graveyard an old owl hooted. The nigger thereupon accelerated his speed beyond the speed limit of New Orleans or even New York, and just as he got past the graveyard and had reached a deep ravine on the other side, a little rabbit jumped between the nigger's legs. "For de Lor's sake," said the nigger, "you cottontail, get out o' de way and let some one run that can run!" (Laughter.)

Now, New York does not favor an adjustment and collection bureau for that city. I appreciate the conditions there but let me suggest to our friends from New York that the adjustment bureau has come to stay, notwithstanding the amendments of the bankruptcy law which Mr. Fessenden and all of us hope will be incorporated. (Applause.)

The country bureaus are the best support this Association has. Why? Because they show what can be effected by combination; they show the proper spirit of the Association in handling the matters which come to each local association. But, gentlemen, I want you to remember what I told you at Denver; I want you to remember what I told you at Philadelphia last year—do not overlook the fact that you cannot as a National Association regulate too closely the management of adjustment bureaus. They are a local proposition, but they represent us all.

Our friend from New Orleans is exactly right. Nobody can step in and tell New Orleans how to run its adjustment bureau. They are running it in good shape. No one from the outside can tell us in Fort Worth how to run ours. We are doing the best we can, and I want to say to every member here, no matter from what point of the globe you come, that we are ready to help you by every means in our power.

Mr. Marshall meant what he said in the right spirit and we are



accepting it in the same spirit; but I want you to keep the record straight (I believe that the political phrase is keep the record straight). Leave the adjustment bureaus unhampered, holding to the report of that committee; and I want to congratulate Mr. Endy upon it. Keep your ideals high, let the Association urge upon the affiliated branches that particular point—keep your ideals right, do not get into commercialism beyond what you are forced to. Protect the National Association but do not forget that the affiliated branches are entitled to your protection. (Applause.)

Mr. Fred B. McComas, Los Angeles—I did not expect to have anything to say this afternoon but I have become very much interested and want to tell you a few things in regard to our adjustment bureau in Los Angeles. I will make my remarks very brief.

First of all we have paid in dividends in Los Angeles \$400,000, that is, dividends to creditors. Our creditors received between 62½ per cent. and 65 per cent. on their accounts—got between 62 and 65 per cent. back. We do not do any collecting. We have a board of nine directors and they meet regularly the first Thursday in the month. We call it a board of trade there, and we could not get along without it. We work in conjunction with San Francisco, which does a larger business than we do. We are absolutely convinced out there of the merit of the adjustment bureau; and I would suggest that if you would allow the gentleman from New Orleans and the gentleman from Texas and myself to be named as a committee we would undertake to teach the New York delegation how to run an adjustment bureau. (Great laughter and applause.)

Mr. L. L. Paget, Portland—There is one feature here that we have overlooked in this discussion and that is the bankruptcy feature. In Portland we run a Merchants' Protective Association and a bureau in connection with it and it has always been our aim to keep all assets out of bankruptcy as long as possible because we find that by so doing we get far better results than we otherwise could. When an estate is in bankruptcy we know that our returns are going to be very seriously lessened.

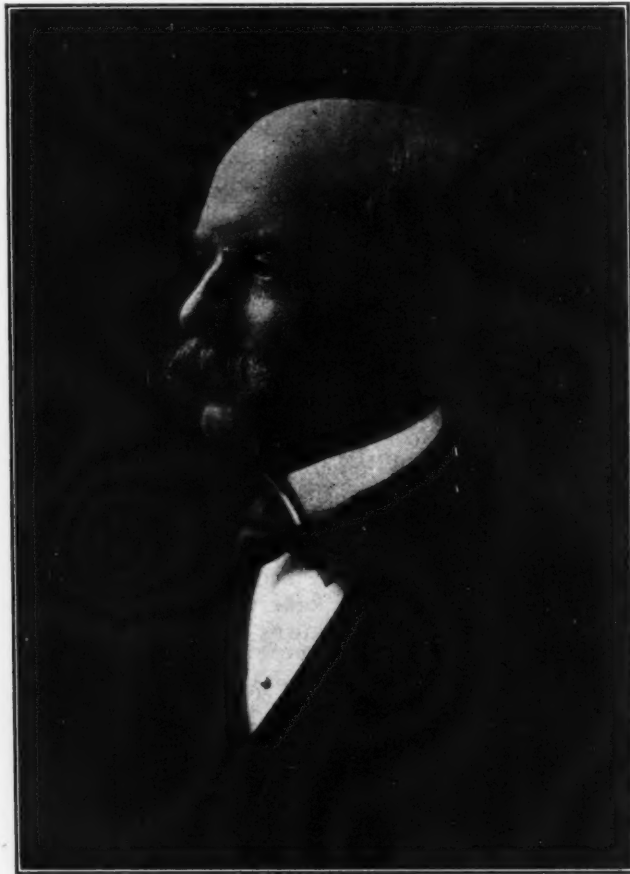
Mr. A. H. Foote, St. Louis—If the bureaus can have your support the collection end of the business will be done away with and there will be no trouble on that score—if we can get more general support. I ask the privilege of reading a letter to you which shows you something you ought to know. A collection agency in Oklahoma City sent out last October the following letter to creditors and I want you to note particularly what is said here about the man going out of business.

The letter reads:

"This is to advise you that we have just called on the above-named debtor and find that his condition is not very encouraging. He owes \$5,000 at this time to wholesale houses besides several hundred dollars in overdrafts to one of the local banks. This is not of itself a large indebtedness but when we consider that his stock is estimated at only \$5,000 you see there is very little probability of his being able to last very long. It is only a question of a month or six weeks before he will have to suspend business."

I want to tell you that that man is in business to-day and will be in business next fall, if our co-operation can bring him through, and I believe it will. This letter goes on:

"We represent one of the largest creditors and believe we are in position to get at least part of the money and get the balance secured. We are going to make an attempt to effect a settlement within a week or ten days and if we have your claim in our hands at that time we will be glad to serve you and protect your interests. Please remember that we cover all the states of the southwest and have a corps of adjusters, five in number, on the road all the time, and are in position to handle your business throughout the entire southwest. If you desire us to handle the claim against above debtor, please send to us as soon as possible."



*Director,*  
GEORGE E. MELIUS  
H. O. Canfield Company, Bridgeport, Conn.

The writer of this letter states that he represents one of the largest creditors. He had two claims, one for about \$130 and the other \$20, and he was the cause of canceling many orders that this merchant had in. The merchant was solvent; the figures in here are mis-stated and are absolutely false; and yet many of you gentlemen, I have no doubt, are supporting this particular agency to-day. I have been told by one of the secretaries of one of the associations

that their members used it very freely. What our bureaus need is your support, and we beg of you not to listen to such rot as is contained in the letter I read to you. (Applause.)

Mr. J. B. Campbell, Spokane—The matter of collections, it seems to me, would adjust itself if each adjustment bureau would be careful in its organization and in the framing of its by-laws. I believe if the organization recommended by this committee were universally adopted that there would be no difficulty whatever—that is the corporation idea, organized by the board of directors under the state law, with a paid employee whose interests are solely for the work and benefit of that association; and then place in your by-laws the rule which they have in every adjustment bureau west of the Missouri river that I know anything of, that no member of your organization shall take advantage of any other member in the collection of his accounts. When a collection is sent to our office, it is our duty immediately to investigate the man's condition. If we find that he is solvent we collect that account; if we find that he is insolvent every member is notified of his condition and becomes an adjuster.

Now, if you would bear in mind the insolvency rule, as it is called, all of this discussion in regard to the bureaus handling collections would fall by the wayside.

Mr. C. L. Williamson, Lexington, Ky.—I hesitate to say anything on this occasion, because I am secretary of the local association and also manager of the adjustment bureau, though we have very little adjustment work in that section. Personally I do not believe it is advisable for the adjustment bureaus to do a collection business, briefly and mainly because when we do a collection business we get the reputation of being a collection agency, and it hampers us in undertaking an adjustment, because creditors get in the habit of looking on the bureau as an enemy when they should look upon the bureau as a friend. It is the sense of being a medium through which the creditor and debtor can get together on amicable terms and work for the best advantage of both.

But I do find (and this is particularly true in my section and that is the reason I bring it up), that the creditors in Cincinnati, Louisville, St. Louis and a great many different points, have a way of placing their collections with bureaus, collection agencies and attorneys; then when the situation develops which makes it advisable to undertake an adjustment, the adjustment bureaus in Cincinnati, Louisville and elsewhere are hampered by the fact that they cannot get control of the claims which have been placed out among various collection agencies and attorneys.

I therefore desire to offer this resolution:

"WHEREAS, The work of the adjustment bureaus is frequently hampered by the fact that claims are in the hands of various collection agencies and attorneys who will not co-operate with the bureaus; therefore be it.

"Resolved, That members of this Association are requested whenever they place claims for collection, to provide that same may be withdrawn in the event of a general adjustment being undertaken or bankruptcy proceedings being instituted."

Motion seconded.

Mr. John J. Dolphin, Buffalo—The gentleman that told the story of the rabbit reminded me of a story told me many years ago of a

ventriloquist in the South who saw a darky carrying a large turtle by the tail. He hid himself behind a tree and said to the darky, "Where are you going to lay me down?" The darky looked around, saw nobody, hesitated a little, and finally started on again; he went a little further and then he heard a voice, "Where are you going to lay me down?" and he began to get scared; he went a little further and the voice again said, "Where are you going to lay me down?" "I'm gwine to lay yo' down right here, right now," and he went away and left the turtle.

Now, it seems to me that that is applicable to the present condition. Our Association is organized with high ideals and not as a commercial body of any name or nature. We have been in the past solicited to become commercial, to join reporting agencies of one kind or another; and our directors have found after deliberation that it was very unwise and would be departing from the rules and from the high ideals which this Association should always have as its directing cause and reason.

Now, you have the two matters before you. Where are you going to lay them down? Collection agencies are separate and commercial organizations, formed for the purpose of assisting the credit men in getting from delinquent debtors the amount due him. Adjustment bureaus, as I understand them, are formed for the purpose only of adjusting matters between the creditor and the debtor, to save the creditor what is possible out of a jeopardized estate, and also to save the debtor, if possible, something out of his estate. When you go further and attempt to establish a collection agency in order to support your adjustment bureau, the question arises, where are you going to lay me down?

I believe that the National Association of Credit Men should never consent to be the father of a collection agency, no matter what great benefit may be derived by a local association. (Applause.)

If the higher ideals, which are in my mind at least, and which I believe are in the minds of all of us, are to be carried out, we must divorce collection from adjustment. If it is the desire of the local association to supplement itself by collections through some one who will do that work for a sufficient recompense, let that person establish himself with the recommendation of the local bureau, as a collector; but let that class of work be entirely separate from the adjustment bureau.

Let us bear in mind that the National Association of Credit Men is not a commercial organization, but simply an organization with the intent and purpose of doing good and carrying out ideals that are high and above commercialism of any name or nature. And I believe it should be so thoroughly understood among the adjustment bureaus that this divorce shall exist that the National Association shall never be called upon in its existence to say that it countenances a collection agency connected with an adjustment bureau.

I offer no criticism on adjustment bureaus or the methods they have adopted, but I do believe, from my own knowledge of collection agencies, that sooner or later the time will come when criticism will be made of the adjustment bureau on the ground that the bureau is a collection agency and that such criticism will reflect upon all of us; and I question greatly whether the National Association wants to assume the burden of such criticism. (Applause.)

President McAdow—The chair thinks this is the greatest love feast on this subject he has ever attended, and therefore has allowed the discussion to wander, but we must proceed with the program.



(The resolution offered by Mr. Williamson was then read by the secretary.)

Mr. T. J. Bartlette, New Orleans—I agree with Mr. Dolphin that the National Association should not be cumbered with work of this nature. I do not believe it to be for the best interests of the adjustment bureaus or the National Association itself that this matter should be taken up, and I therefore move to lay that motion on the table.

Seconded by Mr. Marshall.

Unanimously carried.

President McAdow—The hour is late, I believe we are through with business under the head of Adjustment Bureau Committee report, and the next in order is a short talk by one of our own members, Mr. William Crane Andrews, of New York. (Great applause.)

#### ADDRESS OF WILLIAM CRANE ANDREWS, NEW YORK, N. Y.

##### Our Liabilities.

When I was asked by our good secretary to speak a word to this convention on our liabilities, meaning thereby the general liabilities of our organization in its relation to the members and to the credit system in general, I felt sorely at a loss as to what to say. It seemed a good deal like trying to figure out the liabilities of an honored father of a family who had done all in his power to make them useful and respected citizens of the state. The more I examined the more I was impressed with the remarkable statement of condition the Association seemed to present, for everybody in the business world, so far as I could see, was in debt to the Association, and on the other hand, all its obligations had been discounted before they were due. In fact, whoever had been privileged to render service to the Association seemed to find it impossible to keep his account on the liability side of the Association's sheet. I could find nothing to correspond with notes payable, for the Association has always been too prompt for that, no accounts payable because it was even too prompt for that, only capital and surplus, and these so large and growing so rapidly, as to astonish even those who have a most accurate knowledge of all the Association's affairs.

When we see the augmentation of capital and surplus in any enterprise, we know two elements must have been present: first, good management and, second, a genuine and insistent demand for what is being produced. These two elements have been present in our Association in a notable degree. The Association has from the beginning called to its service the very best of the credit men's profession, men keen in judgment, broad through experience, unselfish in their devotion, leaders in constructive thinking and vigorous in carrying through important lines of action, and again, the Association has been doing a work for which there has been a growing demand. With the development of our complex commerce, all built upon credit, the field was enormous, the demands upon the Association came faster than it was possible to meet them, and so the Association has developed in fourteen short years, adding capital to capital and surplus to surplus.

Of course there are some men, possibly among them credit men, who never can get into their heads the significance of the various items of a balance sheet, and so it is not altogether surprising that they cannot understand that balance sheet of this Association. And again

there are some who will never be satisfied with anything. As stockholders they greet the announcement of a proposed "melon cutting" with grumbles because the "melon" wasn't big enough, or if an extra dividend is declared, they are bitter because it was not twice as big. But most of us are reasonable, and when we get fair dividends are more than pleased.

It is an old maxim "There's none so blind as he who won't see." We have illustrations of this grim truth continually about us. Perchance it applies to ourselves sometimes. It is the cause of much of the complaint we hear around us about the inequalities of life; but the differences in life are not so much a matter of opportunity as of ability or willingness to see. And so it is with the members of our Association. Some have an appreciation of the original aims and objects of the Association, the place it has won for itself in the economy of affairs and the opportunity for service it possesses. Others never will understand all this and the dividends they will draw out of their membership will be in proportion as they see and understand.

You find members who say that after the dues are paid, there matters rest and nothing happens until the next dues date. In other words, some members seem to have a mistaken idea that the Association owes them everything and they are not indebted to it one whit. That would indeed be a one-sided arrangement, like buying a set of dumb bells or golf clubs and doing nothing but look at them. The Association needs you and you need it, but unless advantage is taken of some or all of the many facilities offered by the local and National associations, it is very difficult, if not impossible, to strike a balance. The Association can help you if you accept its proffered service; but if your attitude be negative, neutral or passive, no very great stretch of the imagination will be required to demonstrate the impotent position in which the Association is thus placed.

If, on the other hand, we look on the obverse side of this question and find the members assuming their proper spheres of influence among us, by interesting themselves in the achievements of the past in addition to the projects of the present and future, the cockles of our hearts will be so warmed that the glow will be contagious, and the Association spring into a flame that will fire the energy as well as consciences of the mercantile public.

We owe it to you, gentlemen, as well as to ourselves, to make this Association a more and more potent force for good, in order that honesty and integrity may triumph over the evil forces of this day and generation, so that posterity may rise up to call us blessed, and the heritage vouchsafed to them may so leaven the body politic that our fame will go abroad throughout the length and breadth of this fair land and follow us even beyond the grave.

Therefore, our first or most important liability is to each other, and our next to non-members. Realizing then, the advantages which are ours by divine right and which we have only to reach out and grasp to retain at will for as long as we will, let us rise to our opportunities as members of this already influential and powerful body, by co-operating with, and supplementing the activities of our local and national standing and special committees, for we can in no better way show our deep and abiding interest, and exemplify our motto "VIGILANTIA."

Secretary Meek then announced that the chairman of the Committee on Resolutions was Mr. George R. Barclay. The balance of the committee, with but one exception, he said, was made up of the presi-

dents of local associations in attendance. The national membership was represented on the committee by Mr. W. D. Morgan, of Hartford, Connecticut.

After an announcement regarding certain entertainment features, made by Mr. George K. Smith, of New Orleans, President McAdow declared the session ended and that the convention would again assemble at 10 o'clock A. M., Thursday, May 19, 1910.

### THIRD DAY.

Thursday, May 19, 1910.

#### MORNING SESSION.

The session was called to order at 10 o'clock A. M. by President McAdow, who called upon the Rev. S. H. Werlein, D.D., of the First Methodist Church of New Orleans, to pronounce the invocation.

Secretary Meek then presented the names of chairmen of state delegations so far as they had been offered, as follows:

Alabama, F. G. Salter.  
Colorado, Charles Bayly.  
Georgia, Ralph Rosenbaum.  
Illinois, A. J. Murray.  
Indiana, F. B. Brown.  
Iowa, F. Junkermann.  
Kansas, W. A. Story.  
Kentucky, J. A. Mathews.  
Maryland, W. K. Bartlette.  
Massachusetts, W. Q. Wales.  
Michigan, Wade Mills.  
Minnesota, H. W. Parker.

Nebraska, R. T. Burns.  
New Jersey, C. H. Sansom.  
New York, W. T. Connor.  
North Carolina, L. B. Rogers.  
North Dakota, A. H. Dodsley.  
Ohio, H. E. Smith.  
Pennsylvania, Charles H. Wolff.  
Tennessee, C. T. Sullivan.  
Texas, James A. Dick.  
Utah, Arthur Parsons.  
Washington, A. R. Morton.  
Wisconsin, T. E. Brennan.

The secretary then read the following messages of greeting:

From the Portland Association of Credit Men: "The Portland Association of Credit Men, assembled in regular monthly meeting extend to the officers of the National Association and delegates to the National Convention the heartiest congratulations for the greatest year in the history of the Association, and best wishes for an even greater year to come." (Applause.)

From J. B. Pearce, of the Cleveland Association of Credit Men: "I extremely regret I cannot in person hear reading of balance sheet of splendid year's activities of the National Association. Extend my congratulations and compliments to friends. J. B. Pearce."

From J. Harry Tregoe, Baltimore, Md.: "To-morrow, the 17th, the National Association of Credit Men will be in its fifteenth annual convention, and I desire to extend my cordial greetings and sincere wishes for a very successful meeting.

"Looking backward upon the thirteen years that have intervened since the first convention which it was my privilege to attend, it does not seem to me that the most optimistic of those most heartily interested in this work during its early years foresaw, even partially, its wonderful development and the big part it was destined to play in commercial interchange and co-operation along sane, judicious and helpful lines.

"In my judgment, the principal reasons for this success have been the high standards which the Association has always pitched in developing its plans, its freedom from unwise affiliation of any character, its refusal constantly to be used for merely selfish ends and its high ideals, which have been consistently defended by its several administrations.

"I am sure, if the work is carried forward on similar lines, and there is no departure from those traditions, which have been so firmly and successfully fixed that even greater success will attend its future, and the commercial and financial interests of our nation will be deeply thankful that years ago the conception of such an organization was materialized by a very few ardent spirits, and that it has through all of its years been so devotedly and successfully carried forward and safeguarded.

"Remember me very cordially to President McAdow and to every member of the convention, assuring them that my heart is still in the work and that I constantly wish it all good things."

Secretary Meek then said: "In a report which I read on the opening day, mention was made of the fight in which our Association has been interested in connection with the constitutionality of the bulk sales law; it was predicted in the report that a favorable decision would soon be forthcoming. A member of the Association told me that any one undertook a good deal to venture to predict what the Supreme Court of the United States would do, but I am glad to inform you that through reliable news received this morning, the Supreme Court, at its session held, I believe, the first of this week or the latter part of last week, handed down a decision upholding the constitutionality of the Michigan bulk sales law." (Great and long-continued applause.)

The Committee on Audits present the following report:

*To the National Association of Credit Men:*

We have examined the accounts, receipts, disbursements and cash balance on hand as reported by your secretary-treasurer and have found the same to be correct.

Signed

H. G. MOORE,  
O. D. MAXWELL,  
FRANK H. RANDEL, *Chairman.*

President McAdow—It is often necessary for the lawyer and the credit man to get together, but not always under such pleasant circumstances as on this occasion. Our next order of business is an address, "The Ethics of Commercial Law," by Mr. Henry Deutsch, of Minneapolis, president of the Commercial Law League of America. We are very glad, indeed, to have him with us on this occasion, and it is now my pleasure to introduce Mr. Deutsch. (Long-continued and enthusiastic applause.)

ADDRESS OF HENRY DEUTSCH, ESQ., OF MINNEAPOLIS, MINN.

**Ethics of Commercial Law.**

*Mr. President and Ladies and Gentlemen of the Convention:*

It is indeed a great privilege for a lawyer to be permitted to meet with credit men under circumstances that are auspicious and not suspicious, as so often happens. (Laughter.) I esteem it a great pleasure to be permitted to meet with you and to present to you some of the



views of commercial practice from the standpoint of the lawyer, and particularly from the standpoint of one who has had the privilege during the past year of hearing both sides of the question. I confess to you at the outset that I am laboring under considerable disadvantage. I am one of those speakers, so called, or alleged, who make it a practice to speak extemporaneously and solely and only from the inspiration of the moment; and you may readily imagine my consternation when a little less than a week ago I received a request from Mr. Meek, your genial secretary, for a printed copy of my speech. I went to work under pressure, and finally succeeded in sending it through the mail to him last Wednesday. It is the first time I have ever written out an address, and I think you will readily imagine with what fervency and sincerity I accompanied it with the benediction "Blessed are the Meek!" (Laughter.)

Now, gentlemen, in the discussion of this question of the ethics of the commercial law we are going to tread on pretty delicate territory. I am going to make some statements which may not meet with your entire approval. I am going to voice or echo some statements made by your secretary as a suggestion for my speech which do not entirely meet with my approval, but I am going to approach the subject from the general standpoint and endeavor to view it from the perspective of one who is standing on the outside and who has in mind and for his purpose the one sole and only idea of trying to thresh out the subject, get it on a proper basis, and establish a relation which may be mutually satisfactory to all parties concerned.

My remarks are largely generalizations. I do not claim that they apply to all conditions or to particular conditions, and so if in what I say you find that which does not agree with your own experience, you are at liberty to disregard it, remembering that I have confined myself to actual facts and to actual experiences, and even though they do not come within the line of your own practice and experience they do occur pretty generally in many portions of the country in the practice of the commercial law.

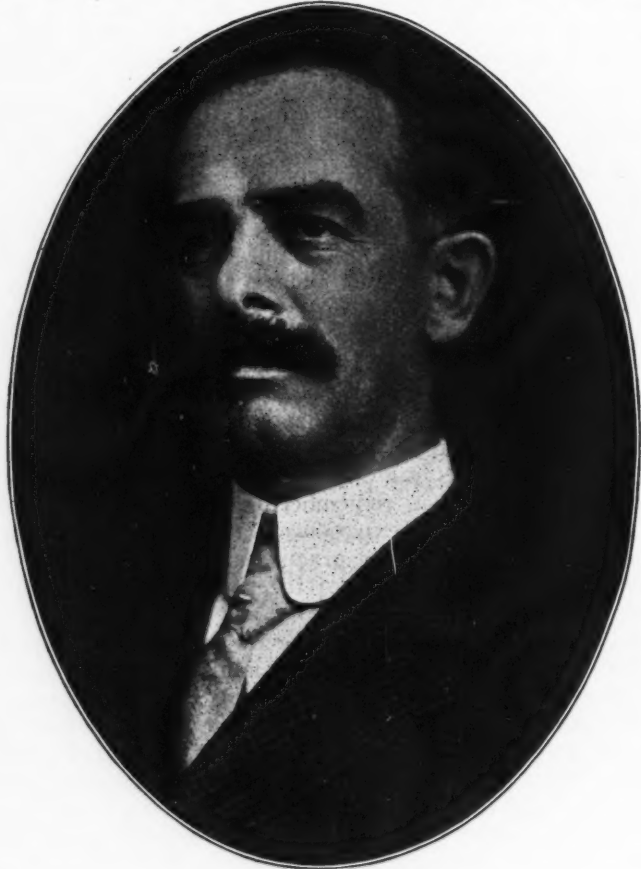
The subject assigned me is worthy of considerable discussion and presents the tendency to wander in the fields of speculative and philosophical dissertation, but the purpose in placing it on your program, I take it, is to afford the opportunity to consider in a practical way those phases of the practice of commercial law that are particularly applicable to your organization or perhaps more particularly to the individual members in the performance of their business functions.

Undoubtedly the subject occurs to you largely from the standpoint of the complaints and grievances that you have in mind, and perhaps justly so, because you believe that the commercial practice is permeated with a great number of unnecessary ills and evils that ought to be rooted out. It is not my purpose to justify or condone those phases of the commercial practice that we must admit exist, and, in a measure, are responsible for much of the complaint that is made against the agencies engaged therein. But, on the other hand, as in all questions that enter into the adjustment of relations between man and man, there are two sides and a proper presentation of both may serve not only to modify the judgment of, but also to suggest a remedy for the trouble.

There must be a remedy and certainly both parties should welcome it. The credit man, and the agencies that he employs for the collection and adjustment of his accounts, whether in bankruptcy or

otherwise, should be co-operative forces and the fact that instead, there really exists a spirit or feeling of antagonism, is sufficient excuse, if one there is needed, for approaching this subject, and attempting to remove the difficulties and establish the proper relation.

Like all other phases of progressive, modern business, this feature of commercial activity within a comparatively recent time, has made strides so rapid as to make us almost gasp at the immensity of its extent and, if we consider it calmly, wonder that the differences that exist and the troubles that occur are so small compared with the volume of the work. However, large or trivial, certain so called evils



*Director.*

GEORGE K. SMITH

Simonds Manufacturing Company, Ltd., New Orleans, La.

do exist and it must be the purpose and the desire of every honest conscientious credit man and also the lawyer and adjustment agencies, to root them out before they have assumed proportions which will be then beyond their control.

Generally speaking, and in a professional way, the evils with which we have to contend are these: First, dishonesty; second, poor service; third, unprofessional and dishonest practice in bankruptcy.

I am going to consider these questions from two standpoints;

first, that of the client, or in this particular connection, of you credit men, and in the second place from the standpoint of the lawyer. A third factor enters into the discussion which perhaps is as important as the other two and to that I will advert in connection with what I may have to say in the matter. This third factor is the growth and inseparable connection of the collection and adjustment agencies which usually are corporations, assuming to perform the functions, to a certain extent, of the lawyer, and to a very large extent, at least in certain sections, are responsible, at least indirectly, for many of the evils complained of. This is no reflection on the adjustment or collection agencies, as such, but an explanation of certain conditions which arise by reason of the lack of that responsibility on the part of these impersonal entities, which attaches to the attorney regularly admitted to practice before the proper legal tribunal.

Let us for the purpose of this discussion, enter into the credit department of a large commercial business. We need not intrude on the preliminary or primary stage of a transaction. The credit has been extended, the account is past due and payment is not forthcoming. The credit man must set in operation, the machinery which will produce payment.

In the early history of commercial practice, two means were resorted to; first, the dunning letter and perhaps a draft through the bank; then the placing of the matter in the hands of legal counsel for the concern. While the arrangement was so comparatively simple there was little cause or occasion for complaint because when the claim was placed the relation was strictly one of attorney and client and as intimate as that relation usually is outside of the present commercial practice. Little was expected in the way of rapid or especially efficient service and if there was cause for complaint it was usually confined to the question of service. Barring exceptional cases, no question was presented as to the honesty or square dealing of the attorney. Were it possible to obtain the efficiency of service that is demanded to-day and at the same time the like relation of attorney and client, there would be little cause for complaint. However, the extension, growth and multiplication of business have demanded the introduction of agencies which have increased the complexity of the work and have necessarily attenuated the cord of intimacy between client and attorney. This naturally decreases the sense of responsibility which fades more and more as the personal relation becomes farther and farther distant. In other words, we are reaping the results of system.

The complexities of modern business life demand system. System is a merciless tyrant. It represents inflexible and unvarying principles conducive to obligation of personality and personal relation, and the establishment of relations like those of the many parts of a machine. Unfortunately the human machine is subject to the vagaries and the idiosyncrasies of differing mentalities, and therefore is quite apt to fall out of alignment and produce the disturbances which always result when the machinery cogs fail to intermesh. In other words, if we had not the human mind to deal with, system would be the solution of all human ills. But, unfortunately, in our human weakness and vacillation we use it as a medium for demanding inflexibility where it suits our purposes to be inflexible and then refuse to hold ourselves up to demand the same firmness under other conditions where it seems to our selfish interest necessary to vary the rule to fit our own particular case.

In the commercial practice the complexity of present business conditions demands absolute and exact system in taking care of the work and those who have not kept pace with the growth of this department of business are astonished by the equipment and system required properly to handle the same. As a result of this system the modern credit man has a large number of added agencies at his command which he employs, and with the complications come the evils of which we complain.

Let us proceed with our work in the modern office. The debtor has failed to respond to the demand for payment. The next agency used by some houses is distinctly and absolutely reprehensible and responsible for the beginning of many of the ills which we now suffer. I refer to the house agency. What it is, is difficult to define in moderate terms by attorneys and agencies engaged in the legitimate commercial practice. I should define it as the so-called clever invention of a conscienceless credit man, who is impressed with the thought that he has conceived a brilliant idea for obtaining the force and effect of an attorney or collection agency without making due compensation therefor, or, in plainer language, who thinks he has found a way to get something for nothing by resorting to fraud, deception, and unfair business practice. The house agency is usually maintained in the following manner: The credit man hires some man who has been a failure in the practice of law or some newly admitted lawyer who has neither the brains nor ability to be successful in practice and installs him as an office boy in his establishment. He hangs out a shingle sometimes as a lawyer and then proceeds to adopt some name that will stand as a collection agency. He has the proper supply of business stationery and then proceeds to send out his business, first sending out a dunning and threatening letter to the debtor—signed by his apology for an attorney—after which, if that is ineffectual, he makes use of some of the legitimate law lists to send the account to some regular practicing attorney with a demand for a division of fees in the same manner as if he were a regularly established legitimate collection or adjustment agency or attorney.

By this subterfuge the credit man may delude himself into the belief that he is very clever and is saving money for the house, but the whole practice is dishonest and must in the long run bring its proper and lasting punishment. These agencies are now largely known better through the efforts of the Commercial Law League. It will not be long before they will be out of business by reason of the fact that they cannot obtain the services of the reputable attorneys or agencies necessary to perform their functions. They are an absolute discredit to any organization and from the lawyers' standpoint I most heartily recommend to the members of this Association the investigation of the means and methods pursued by the men responsible for them and some of whom undoubtedly are members of this or local associations of credit men. I would have you understand that we have no complaint to make because these agencies attempt to collect direct, but we merely condemn their adoption of deceptive and dishonest methods.

We come now to the other agencies employed by the credit men all of which I denominate as legitimate. The first is the draft system which prevails as an effective agency with legitimate collection and adjustment agencies and law lists. With these you are more or less familiar and I need not go into detail. As far as I am informed, the only evil complained of in this system is the fact that in many instances this draft system is exploited, through misrepresentations and simply to furnish the entering wedge for securing business. In other words, certain things are



promised with reference to the draft such as personal demand letters, etc., which promises, with some concerns, are never fulfilled, the draft simply remaining in the desk of the agency until by lapse of time it becomes converted into a regular collection on the regular schedule of fees. The remedy for this evil lies entirely with the credit man. He is responsible for it and he can root it out by the exhibition of common sense. It arises entirely from the effort to obtain something for nothing. The country is full of these systems which agree to do the impossible. In other words, they promise certain service, which it is impossible to give on the basis upon which it is sold. The result is that the business is obtained and as soon as possible converted into the regular collection which furnishes the largest fee. If the credit men will confine the use of these drafts to those of agencies whose reliability he has investigated, and if he uses them on a basis of value received for services rendered, he will have no occasion for complaint and will get good service at a phenomenally low rate.

The next means for enforcing the claim is the regular collection service. This is accomplished by permitting the draft under the terms of the contract to become a regular collection, or by placing the claim with regular collection agencies or attorneys.

In this branch of the work there is an unlimited field—therefore unlimited opportunity—for all kinds of practice and likewise unlimited opportunities for abuses. The evils complained of in this branch are poor service, and dishonesty, the latter being divided into all the ramifications that human ingenuity can suggest for doing the wrong thing instead of the right, ranging from the failure to remit to the dishonest practice of extortionate fees or misappropriations, of undue charges for costs, etc., *ad nauseam*. We know the evils which exist and condemn them and, naturally, we feel there must be, and therefore search for, a remedy. I will pass the question for the time being merely suggesting, however, that the country is over-run with a mushroom growth of collection companies and attorneys. Skillful advertising and mis-statement has so elaborated the supposed profits of this business that it furnishes a veritable "El Dorado" for the ambition of every young lawyer, unsuccessful lawyer, many superannuated credit men, a lot of clever knaves and crooks and a few legitimate responsible business men and attorneys. The growth has so far extended that there are already several institutions in the country that are publishing and selling correspondence courses to teach men the collection business with the usual glowing promises of "learn the business in thirty days and have a large suite of offices with at least a dozen stenographers and clerks with the money coming in while you sleep during the night." One might almost imagine that this collection business was a sort of magic potion which like the notorious cascaret, "works while you sleep."

This picture which I have depicted may seem exaggerated, but I believe will be found pretty true to life. It is a condition and not a theory. It has been fostered, and grown by being fed by the credit man who is deluding himself into the belief that he can find the impossible, that is, something for nothing. The result is that he entrusts his business to every Tom, Dick and Harry or an irresponsible collection agency or firm whose only recommendation need be that he or it can do the work cheap or for nothing. Blinded by the possibility of saving a penny here or there the credit man rushes into the trap, hands over to this irresponsible solicitant, hundreds and thousands of dollars worth of his business and then when he fails to obtain returns, condemns the entire

fraternity of collection agencies or commercial attorneys and then sits down waiting to be found again by some other gold brick proposition. The statement of the condition suggests the remedy which I will take up in a later discussion of the broader question.

The next and principal phase of this question which is now before the country is the bankruptcy practice. I suppose if the question were raised it might be suggested that I was out of order in discussing something which does not exist. That is, "ethics in the bankruptcy practice." The Bankruptcy Bill, or the Nelson cure as it has been facetiously called, serves a useful purpose else it would not remain on the statute books. From the standpoint of the commercial law practice it is a serious question if the cure has not produced evils to such an extent as to practically neutralize the remedy. For a commercial lawyer to say bankruptcy to a credit man to-day is like waving the proverbial red rag before the bull. Before he is permitted to discuss the subject he is required to furnish a certificate of good character, signed by the Angel Gabriel himself or else, metaphorically speaking, have the burglar alarm go off, and a scurry of the office force locking up the valuables and tangible assets. In other words the bankruptcy practice has fallen so far in disrepute, particularly in certain centers that the lawyer or agency man engaged therein must rebut the presumption of being a thief and robber before he is permitted to open the subject. The ills complained of are manifold. I will enumerate just a few. First, the deliberate attempt to wreck a concern and force it into bankruptcy for the purpose of obtaining fees; second, dishonesty, collusion with dishonest debtors for the purpose of committing fraud and robbing creditors; third, depletion of estates by extortionate fees and expenses; fourth, unseemly and unprofessional scramble for the control of estates and the appointment of receivers, trustees, etc.; fifth, unnecessary delays in closing up estates and remittance of dividends; sixth, collusion with dishonest preferred or secured creditors.

I might go on indefinitely in this enumeration, but have advanced sufficient for the purposes of the present discussion. That the matters named exist, cannot be negated. The bankruptcy law passed for the main and primary purpose of securing creditors an equal non-preferential distribution of the assets of the bankrupt has been converted into a machine, which permits a man to evade the payment of his honest debts and appropriate to his own use the property of his creditors; furnishes attorneys and collection agencies with a fruitful field for manipulations that will turn the funds of the estate into their own pockets; and last, but not least, furnishes opportunities to the clever credit man to obtain undue advantages through the trusting credulity of the fellow members of his fraternity. It is a fact, that cannot be controverted, that the bankruptcy law through the clever manipulation of some of the shrewdest brains of the country, has furnished the opportunities for these practices which are most reprehensible, and, practically, defeat the very purpose of law. Innumerable instances could be quoted in which the bankrupt has employed an attorney for the manifest purpose of devising some plan by which the property which belonged to his creditors could be diverted to his own use. This is usually done by an arrangement made by his attorney with some firm of commercial attorneys or adjustment agency which agree to secure the creditors' claims and work in conjunction with the bankrupt's attorney. They secure these claims largely by soliciting and offering the inducement of "no charge for handling." On the surface, it all looks very plausible and perfectly honest. The dividends

come usually *minus*. The credit man simply charges the account off to profit and loss without realizing the process by which he has been swindled, or if he realizes that something is wrong, he wonders why there is not a criminal prosecution, until he is asked to contribute his share to the payment of the expense thereof, at which point he simply loses all interest and pockets his loss, contenting himself with condemning the bankruptcy law and uttering maledictions on attorneys and collection agencies.

It is also more than true that many bankrupt estates are depleted, if not entirely used up, by extortionate fees allowed attorneys. Attempt is being made in the present Congress to legislate on this question. The Sherley amendatory bill seems a step in the right direction. In practice, in my judgment, it will amount to very little. We cannot legislate men into being honest any more than we can reform a man by holding a club over him. You will never stop the depletion of a bankrupt estate by excessive fees as long as you place yourselves in a position of at least indirectly, consenting thereto. You are in position of the man who examines a buzz saw by putting his hand against it and then complains because his fingers are injured. You will have these impositions in the bankruptcy and commercial practice just as long as you submit to them and fail to use the proper discretion in the selection of the agency with whom you place your claims, and as long as you surrender the control that you are entitled to assert over them. Just as long as the credit man is an easy mark for everyone that comes along to solicit his business, and just as long as he shows no discretion in the choice and responsibility of the agency or attorney with whom he does business, just so long he must expect to reap the fruits of his folly in dividends *minus*.

I intend in these last statements, no reflection on the solicitation of claims in bankruptcy proceedings. I have had it flung at me and heard many times about the unethical character of that phase of the business. It is true, that a legal firm as a general rule, is not in a position, and does not, indiscriminately solicit business. On the other hand, it is also true that even in other branches of legal practice—where other interests are involved—it is not considered unprofessional to endeavor to combine all parties concerned for the best interests of all, and for that purpose, to solicit co-operation. If the credit man would view the situation from this standpoint and show some judgment and discretion together with an investigation into the responsibility of the firms who solicit, there would not be so much occasion for comment and criticism on this phase of the subject. The unfortunate part is that when a bankruptcy case arises the credit man is too apt to mark off his account as already lost and give it to the first one who applies for it—many times on a basis of handling it for nothing—and then condemn the entire legal fraternity because he does not receive a live dividend, on an account he has already chloroformed.

I have said sufficient so far to intimate the final portion of this discussion and now I am going to ask your indulgence for a few moments while I suggest rapidly what to my mind is the remedy for the entire unfortunate condition. I neither justify nor condone any of the criticized practices of attorneys or collection agencies. I believe there is just one standard for men in all phases of human activity and that is the standard of absolute honesty. While it may seem chimerical to say it can be obtained and while we are accustomed to view with hopelessness the possibility that it will be obtained, yet it is possible and those of us who

favor it have no excuse for failing to follow the straight and narrow path necessary to attain it.

I do say, however, that there are two sides to the question. In my position as president of the Commercial Law League, it has been my experience, both fortunate and unfortunate, to act as a sort of clearing house for these troubles during the past year. Our organization is composed of something over 2,000 lawyers and adjustment and collection men throughout the entire country. We have with us, as you have with you, some black sheep. It is our effort and purpose to raise the standard of the commercial law practice and we welcome any suggestions or offers of co-operation or assistance that may come from you men with whom we are directly concerned in our business transactions. We are gradually tending towards the formation of committees and agencies which will enable us to root out and eliminate undesirables in this field of the legal practice, and with the proper assistance and co-operation of the credit men, it would be possible to establish the practice on a basis that would be mutually satisfactory and professional. However, the reform must come from you as well as from us. In my judgment the *initiative* lies before you.

There are certain facts which cannot be controverted and conditions which must be met before we can attain the desired results.

First, the commercial practice must be established on a liveable basis. In other words, the credit man must be willing to pay for the service which he obtains, what it is reasonably worth. I do not mean by this, extortionate fees, nor adding unnecessarily to the expenses of the credit department, but I do mean that it is an absolutely incontrovertible fact that the fees which are paid to-day for the collection of accounts and general commercial legal work are entirely incommensurate with the service rendered and partake largely of the bargain counter sale. In other words, the credit man, to a large extent, is treating the collection of his accounts as though he were advertising for the lowest figures, irrespective of the fact as to whether or not the bidder can live on the price paid or whether he is paying the proper value for services rendered. The result of this policy is the growth in the commercial practice, as in the mercantile business, of a large number of mushroom concerns that exist but for the day and leave in their path nothing but the smoking and wrecked ruins of false hopes and unfulfilled promises. You do not give credit to a man who is conducting his business by selling at all times his goods for less than cost, because you know he could not exist and pay his debts. In the same way you cannot expect a lawyer or commercial agency to do your business on a basis that makes it impossible for him or it to live and then expect that you are going to get good service or get your money when he collects it. It is not a theory but an absolute condition that confronts us. So long as you expect cheap service, he must "rob Peter to pay Paul," and you are apt to be Peter a good many more times than you are Paul. The credit man to-day is much more anxious to keep down the *cost of collecting* than he is to keep down the *loss of the collection*, and the result is that he reaps the barren harvest that always follows a "penny wise and pound foolish policy."

It takes brains and ability to properly transact the business arising in the practice of commercial law. They have a value in that branch of the world's activity just the same as your brains and ability have in your branch and you cannot expect returns in that line to be any more productive than you could if you were to expect in your



office the same result by putting a \$10 per week clerk at your desk to do your work. You cannot get something for nothing, and if you persist in trying for it, you will always find that zero never buys anything but zero. If you are anxious to eradicate the evils in the commercial practice; if you want good service and honesty in the handling of your business, then put that practice on a proper basis by employing men or agencies whom you have investigated and whom you know are honest and capable and to whom you are willing to make proper compensation. It requires something more than a well worded advertisement or a well engraved card to make a good commercial agency or lawyer, and promises are more easily broken than fulfilled. When you have selected your agency or attorney be willing to pay proper compensation for the work expected and hold them up to a proper responsibility, insisting always upon the maintenance of the relation between you of attorney and client, or employer and employee. Don't consider him or them an evil if you want them to be a benefit. Don't expect that a lawyer, whose time is worth anywhere from \$25 to \$100 per day, can give you his services for \$5. Don't expect them to be any more perfect than you are and be willing to extend to them the courtesies and the amenities of life just as you demand them for yourself. Don't try to play clever and cute tricks on them. It is their business to detect them and you pay for them in the long run. Don't indulge in the reprehensible practice of trying to get free reports on the promise of sending business which you never send, or of collecting your accounts by direct remittance of debtors after you have placed them in your attorney's hands, who has done the work, and then try to beat him out of his fees. Don't ask for the return of a claim that has been remitted to you, after the attorney has done the dunning, and then expect that you can make him believe your statement that "you don't want the claim handled just at this time," thereby depriving him of his legitimate fee; and finally, don't think that your attorney is a fool. If he were, you would not employ him and if you treat him as one, you are apt to find that he knows what you are doing and you pay the penalty. In other words, establish your relations in this particular branch of your business on a proper business-like footing. Deal with your attorney or your collection agent as man to man. Give him the same consideration that you get and expect. Don't classify him with the "skally-wags and blackguards" that infest the business and don't try to reduce him to their level, and insist that he compete with their terms. Above and beyond all, don't patronize gold brick schemes, simply because they are cheap.

Now a word as to the bankruptcy practice. You say that we attorneys rob, loot and deplete the estates, and you want a remedy. Apparently you are not satisfied with what legislation you have because you are asking more. Even the guardianship and control of the Federal Court is not sufficient to meet your demands. If that is true, further legislation won't help you. What is your remedy? You employ the attorney and give him the opportunity for making fees. If he is robbing you, what is your remedy? Don't employ him or give him the opportunity again. That is easy, is it not? In any other branch of your business if you have an attorney who overcharges or refuses or fails to follow instructions along the lines of your interest, you cease to employ him. Do you suppose for one moment that if the credit men took their stand on this line, treating attorneys right

and demanding to be treated right, that you would not have your remedy in full? Can you expect to have it as long as you disregard the relation of attorney and client, and give your accounts to every Tom, Dick and Harry who chooses to ask for it, without any investigation as to responsibility and standing?

If you let irresponsible attorneys control the estate—and they cannot without your permission—should you complain if they satisfy their appetites at the feast which you have provided? It is useless to attempt to solve this problem by grievance committees, bar associations and statutory amendments. Men are men wherever you place them, and lawyers are just as human as other men. While we deprecate the blackguards and disreputable ones in the profession, our professional experience is such as to make us not too hasty in judgment and to exercise towards all men the presumption of innocence until they are proven guilty. Under the circumstances, naturally, it is difficult to get a case flagrant enough to warrant the punishment of disbarment or expulsion.

At best that is but a tentative and temporizing remedy as is every procedure which hopes to accomplish reform through punishment. Overflowing penitentiaries, electric chairs and gallows speak loudly of the failure to accomplish such results in the regulation of extraordinary human evils, and we can hardly expect more where the interests are less vital.

The remedy lies between man and man and the adjustment of his relations with his fellow men. In this particular instance the remedy lies in the adjustment of the relations between the credit man and the attorney and the proper respect for the rights of each. Attorneys and collection men have no stronger moral fiber than other men and they are as much subject to the temptations of self-interest and self-aggrandizement as men in other professions and lines of activity. That they have not yielded more to the temptations which beset their path is to the credit of "the spirit of the profession" which they have imbibed. It certainly is not due to the lack of temptations or the failure of effort on the part of the men who employ them to insist on their doing that which the client hesitates to do himself.

The attorneys and collection agencies have many sins to answer for. They have many accusations to meet, some of which are just, many of which are unjust. I think I am perfectly fair in saying that the root of many of the evils lies entirely with you credit men. I say this generally and not as a particular reflection. In saying this, I do not cast any reflection of dishonesty or a premeditated purpose to produce these conditions, but I do say that they are as a result of the failure on your part to awake to realize the necessities of the situation and so to regulate your business and conduct with attorneys and collection agencies as to avoid the creation of the evils of which you complain.

Ethics is defined as "the science of right conduct and acting;" of "adjustment of relations between men" and the ethics of commercial law are not different from those of any other phase of human activity. The activities of the world represent the constant interchange of the thousands and millions of different human mentalities and activities. Every man is more or less infected, if not permeated, with the thought of self-interest. Self-preservation is still the first law of existence and in the effort to adhere to that we too often forget the rights of others.

The constitutional guarantee of liberty to ourselves carries with it

the necessity for the like guarantee of liberty to others, and therefore in the adjustment of human affairs and some regard must be had for the rights of others which necessarily demands some degree of sacrifice of the rights of ourselves. It matters not in what direction you go or at what point you touch, the same problems in all their complexity are presented. Human nature is the same all over the world, and when we prescribe a rule in one particular phase of life, it must have some relation to a fundamental rule which inheres in all phases of activity. So, after all, when we reach the necessity for the solution of the problem suggested by the subject which I have discussed, we must arrive at the



*Director*

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ultimate analysis which resolves it into the primary elements and brings us to the primordial and elementary principle or rule that must govern all men in all their relations to each other, in whatever particular field they may be working.

Now, I have done my duty to Mr Meek by delivering this paper in his way, and I am going to talk to you just a minute or two in my own way. (Applause.)

I have presented to you in a cursory, superficial manner what I think is the remedy for the difficulties between us from the purely human, material standpoint, from the standpoint of every-day business, and yet I want to say to you that we never yet have found the time when the rule which applied to some particular action was the rule which was at the root of the difficulty and would solve our problems. We are all men, we are all striving for something which many of us cannot define. In its last analysis it is contentment and happiness. Some are seeking for that goal through wealth, some through position, some through power, some through professional attainment, and so through the entire gamut of human experiences; but we find ultimately and finally that there is just one rule, and that rule as applicable to the affairs of business as it is to the affairs of the home and to the moral and religious life, and like all the simple and complete rules that we find, we find it in the book which is more or less familiar or unfamiliar to us—the holy scriptures—and in that book we hear the report of a master mind of nineteen centuries ago who prescribed for all human ills this one invariable rule, "Seek ye first the Kingdom of God and His righteousness and all these things shall be added unto you."

Now, I do not want to preach a sermon, and lest I startle you by this scriptural quotation, I want to paraphrase it by putting it this way: "Seek ye in the business world first the principle and practice of honesty and square dealing, do unto others as you would have them do unto you, judge as you would be judged, and all these things shall be ready for you." It is a strange, almost a startling fact, that men in the business activities forget that they have that within them, sometimes sleeping, never dead; which responds to the touch of the principle of what is right. I sat in this hall here the other day and felt the roof, metaphorically speaking, almost rise when the name of our ex-President, Theodore Roosevelt, was announced, and I knew that the applause that came from the depths of your hearts was not for the man, because there are many of us who do not like him, but it was for the fact that he stood for the principle of what is right and what is square; and that which is best within us always responds to that sentiment. I heard you also applaud the sentiment and the policy of your worthy ex-secretary, now comptroller of Greater New York, and I found also that it was not because he shut out the men from riding in automobiles or abolished the custom of hiring carriages that existed for twenty-five years, but because he stood for the principle of what is honest and what is right in human affairs; and so we here, you of the Credit Men's Association and we lawyers engaged in our respective business activities, are the eminent and right successors to the old thought, "The hand that rocks the cradle rules the world." We may take the minister on Sunday, we may take the doctor when we are sick, but the world has got to take us every day, and by the standards which we impress upon the world's principle of right and morality, we determine the direction in which the world shall move and in which its activities shall revolve; and so I say to you the problem between us is broader than the problem of purely business life. It is the fundamental problem of man to man. I see before me men who have sons, like myself, men who have young sons, and you need only talk to a man like that to know that after all his ambition is summed up in the hope that some day when his own life has nearly run out he may stand forth and look with pride upon his own son, who manifests those principles to which he sub-



scribed, and which perhaps he was not able to put into practice; and so we, if we have not sons, represent here the progenitors of the American son and the American citizen, and it is our duty as men and as lawyers to impress upon the business world those standards of morality, honesty and square dealing that will make us able in the future to look with pride upon the impress, and those boys who are growing up to-day as men, true, honest and square American citizens.

And now, with my thanks for the opportunity to present this subject to you, I want to pledge to you on behalf of the league of which I have the honor to be the president, our earnest and sincere co-operation in any policy or in any plan which will serve to keep and maintain the standard which I have enunciated. If we may have that co-operation not only will the evils which we complain of cease to exist, but we will have established for the world a better standard, a better condition of right living, and we will come pretty close to some relation of appreciation of the fulfilment of that part of the Lord's prayer which you heard this morning: "Thy kingdom come, Thy will be done on earth as it is in heaven!" (Great and long-continued applause.)

Mr. S. D. Buck, Baltimore—I have listened with much pleasure to Mr. Deutsch's address. He has painted pictures of men, both lawyers and credit men, that are so vivid in my memory that I hope that this address will be placed upon record and put in the hands of every credit man or office man in the Association. I could see men as he spoke, their mental photographs appearing to me when I have gone to their offices and charged them almost no fee for a matter, faces full of frowns and complaints. There were twelve apostles, only one was bad, and of twelve credit men you will find one bad credit man, and out of twelve lawyers you will find one bad lawyer; but they are all alike, and if we are honest with each other you will find that out. (Great applause.)

President McAdow—I think it will not be inappropriate if I say that we greatly appreciate the address that we have just heard. I have no doubt Mr. Deutsch will be glad to get off easily, because probably when he gets back to the Law League he will find he has something to answer for.

Our next order of business is the report of the Fire Insurance Committee. Mr. I. D. Russell, its chairman, is unavoidably absent, and the report will be read by Mr. George W. Curtis, of Fort Worth.

Mr. G. W. Curtis—I trust you will all pardon what perhaps may seem to some of you a little discourtesy to Chairman Russell of your committee. It is not meant as a discourtesy, but I am sure Chairman Russell when he knows and understands will appreciate it. We are behind hand in our schedule, the report is a little full, and with the consent of our good president and using my own judgment as a member of the committee, I will try to summarize and not tax you quite so long.

#### **Report of the Fire Insurance Committee.**

*To the Officers and Members of the National Association of Credit Men*  
GENTLEMEN:

After a year of close study your committee are more than ever convinced of the large opportunities which lie open to the National Association of Credit Men for serving the community in the field of fire

insurance, protection and prevention. The men at the head of our credit departments are especially well equipped to represent the great business interests of their communities in this line of work. We are now appreciating the demand that not only the insurers but insured also, take not merely a narrow personal interest as in time past, but a broad view of insurance and fire prevention as they touch local ordinances and state legislation, and further that it behooves both these classes, insurers and insured, to spread a better understanding of the whole subject.

Your committee is glad to report that interest in insurance matters is undoubtedly more general throughout the various branches of the Association than in any previous years, and that substantial results are being obtained. As in all educational matters the earnest efforts of members to arouse a general interest in fire insurance matters has resulted in the self-education of such members to a vastly more intelligent understanding of the problems concerned and of the lines of effort which can be most advantageously pursued.

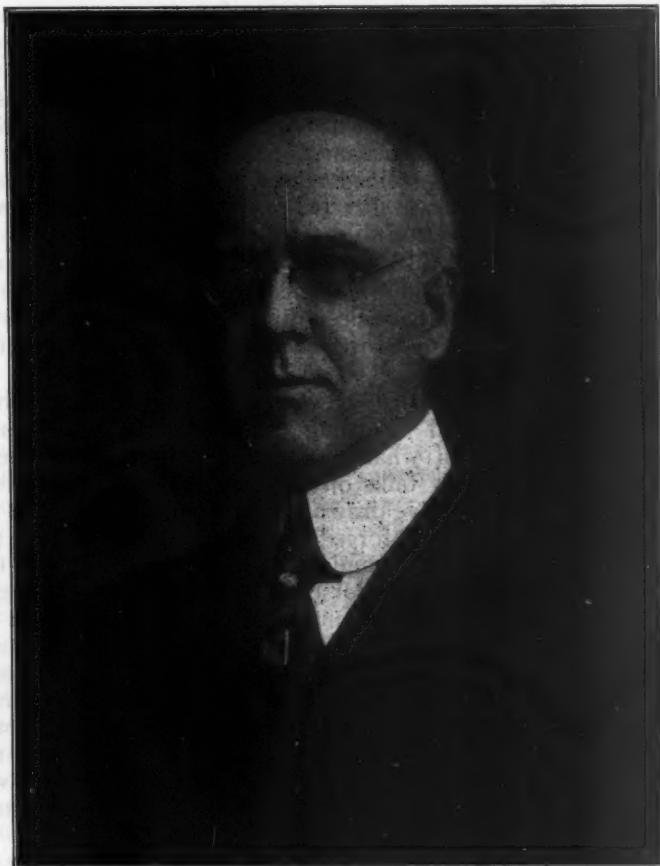
The convention last year called upon local associations to appoint among their standing committees a fire insurance committee. This request has now been quite generally heeded. It is not necessary to remind the delegates to this convention that in these days special duties must be laid on men specifically appointed to bear them if progress is to be expected. We hope, therefore, that those few local associations which have not been naming every year a committee on insurance will do so this coming year.

As an illustration of what local fire insurance committees have succeeded in doing, your committee points to the excellent results obtained by the Utah Association of Credit Men. By their persistence in bringing before the retail dealers of Utah and contiguous states the need of adequate fire insurance, they have, according to testimony in hand, induced their customers to take out approximately one hundred thousand dollars increased insurance. Among those who took out this added insurance was one retailer who shortly thereafter had a fire loss which would have wiped out all his resources and prevented his meeting his obligations had he not responded to the credit men's educational work and made his insurance adequate.

Notable work has been done at Dallas and Fort Worth. The members of the two associations in these cities have taken a leading part in an effort to bring about a reduction in the excessive losses which have befallen Texas in late years. This effort has been directed to such changes in rate-making-laws as would penalize hazardous risks and reward insurers who considered fire prevention in their own property by a premium rate lower than that of their less careful neighbors. The credit men of the cities named also lead in a demand for local ordinances which shall cut down excessive conflagration hazard. While this particular work calls for much patience and persistence, your committee is quite certain that Texas business interests are enough aroused to keep up the fight until the conditions which they are opposing have been largely and widely improved. It is a satisfaction also to find these associations, at their own expense, distributing sound insurance literature among retail merchants. Our Association can and should pre-dispose men's minds to reform in fire insurance and fire prevention, and our Texas members are taking the most effective means of doing this through addresses and through the dissemination of good literature on the subject.

The fire insurance committee of the Pittsburgh association has

addressed itself this year to the very practical question of the establishment of a salvage corps in that city; this corps to work in connection with the local board of fire underwriters for diminishing damage caused by water. It is contended, and with considerable force, that it is as much the duty of the municipality to take charge of and protect property from water damage in time of fire as it is to put out the fire itself. But the Pittsburgh association is working along the customary line of placing this responsibility on the insurance companies, where it is not divided



*Chairman, Fire Insurance Committee*

I. D. RUSSELL

Russell & Irwin Manufacturing Company, New Britain, Conn.

with the fire department nor interfered with by politics. The committee takes this occasion to commend the general purposes of the Pittsburgh association.

The activities of the Toledo and Cleveland committees are well worthy of notice. Their attention has been given to local building codes and to high pressure service. Their influence has been lent and their co-operation given to those state organizations which are working for more effective inspection of special risks. General interest is being stirred up through meetings devoted to subjects of fire prevention and by

the systematic distribution of literature. It is not unfair to other states to say that Ohio's interest in these matters has been aroused in an unusual degree, and that more definite and effective action has been had here than in any other state. Yet for all the excellence of the Ohio fire marshal laws, which have much to commend them as a model for legislation in other states, the citizens of Ohio are still finding other remedial measures which should be applied to the prevention of fires and the limitations of conflagration hazards.

The Los Angeles association has recently taken the lead in a movement to give their city better fire protection and lower insurance rates. Naturally their work began with the latter object in mind. They sought to unite all business organizations of Los Angeles in a demand for a restoration of the rates existing previous to the San Francisco conflagration. Conferences were held with representatives of the local board of fire underwriters who named certain conditions in the way of better fire protection which seemed reasonable to the petitioners. Now the guns of the association are directed upon the city government which is already showing a disposition to meet the citizens' demands.

In the catalogue of local associations which have done meritorious work, Milwaukee, Omaha and Oklahoma City should be included. The efforts of these associations have been directed chiefly towards educating retailers to give due attention to the quality and quantity of their insurance.

During the year the series of six leaflets on different phases of insurance problems entitled "Burning Subjects," has been completed. This gives the Association what is undoubtedly the most remarkable series of practical every-day talks on fire insurance and fire waste ever published. These booklets have drawn to the Association a great amount of favorable comment and have forced it into a semi-authoritative position in insurance matters never contemplated. The result has been that the Association has been asked to endorse numerous movements, legislative and other. Whenever such endorsement has been sought most careful consideration has been given to the character of the movement for which support is solicited, since it is realized that any unfortunate alliance which the Association might make would seriously hamper its usefulness for future service in the field of fire insurance and of fire prevention. For this reason the committee has pursued what may be considered in some quarters an ultra conservative course, and has in some instances declined to give support to proposals that outwardly seem fair but are suspected of carrying other designs than appeared upon the surface.

Your committee regrets that the year was all too short to bring to completion work upon the model fire marshal law such as was recommended by the fire insurance committee at the last convention. However, considerable study has been given to this law, and all investigations confirm the conclusion reached by last year's committee—that a well equipped fire marshal's department working under laws which endow that department with sufficient authority to correct known hazardous conditions can effect a distinct reduction in fire loss in any state—provided such department be free from political domination. As proof, Ohio, which has more fairly tested the efficiency of the fire marshal's office than any other state (if your committee's conclusions are correct) has witnessed a diminishing fire loss in the face of large increases of general property values. In fact the years succeeding the establishment of the fire marshal's department show several millions less fire losses annually than in former years notwithstanding the large increase in general property values from one period



to the other. The reason is plain: The fire marshal specializes in questions of hazard, and he has to make a record to prove the usefulness of his office. Investigation of fires requires the closest and finest kind of detective work. Arson is hard to prove. The ordinary prosecuting officer, who has many kinds of crimes to deal with, needs the help of the trained marshal and his assistants in ferreting out cases of incendiarism. Moreover, fire setting and criminal negligence are said by insurance men to be the causes of a very large proportion of fires, and a keen and active fire marshal can reduce these causes to low terms. In view of the general arguments to be offered for a fire marshal's law and because of its very practical results as demonstrated in the state of Ohio, the committee urges that the Association concentrate its efforts largely during the next year upon the promotion of fire marshal laws in the various states. It is recommended that the aid of the Association's counsel be invoked to devise a measure which, with slight modifications adapted to local conditions, can be introduced into the various state legislatures and urged forward to enactment by local associations and by individual members. If the record of Ohio under its fire marshal law can be proportionally duplicated in every other state many millions of dollars can be saved each year which now go to swell the total of fire losses. The time seems ripe for vigorous effort in the direction indicated. The conservation of resources and the elimination of waste is a daily topic of thought and comment. The idea is in the public mind, and the fire marshal law is a measure which not only promises to conserve property but has been proved to do so in those states where it has been honestly and effectively administered. The fact that the fire marshal law is in a line with the public cry for the conservation of resources will, if emphasized, popularize our efforts. If next year's committee will prepare and submit a definite law and a plan for putting this law into effect, we feel sure that the result will be a comparatively rapid enactment of the Association's measure in many states.

We recommend that the committee which succeeds us secure the reports of the engineers of the board of fire underwriters upon conditions affecting fire hazard for every city in which the Association has an affiliated branch, and that they make sure that each local fire insurance committee gets a copy of the report which applies to its city. We believe that local credit men, having such a report before them, will bestir themselves to correct dangerous conditions which the board of fire underwriters report: This not only as a business precaution to safeguard themselves, but as a matter of pride as well. If they will they can, by arousing public opinion, force even a weak municipal government to respond to their demand.

As has already been reported in the BULLETIN, your committee, in obedience to the resolution of the last convention, early took out a membership in the National Fire Protection Association. This has brought us in close touch with an organization for whose work none can have anything but the highest esteem. Its secretary has responded generously to calls from our local associations for addresses on fire waste questions, from which addresses our members have gained very definite and practical ideas upon various phases of the fire problem.

In accordance with the resolution passed at the last convention the committee distributed among the individual members tables setting forth the comparative condition of fire insurance companies doing business in the United States. It also arranged for their economical distribution among members of affiliated branches. Your committee has no recom-

mentation in this matter for the future but suggests that discretionary power be given the incoming committee as to distribution of like tables next year.

Our work has been acknowledged repeatedly by the press and by insurance bodies. Members of our Association have been called upon to address insurance organizations—notably Mr. Powell Evans, chairman of last year's insurance committee, who in August addressed the Fire Underwriters' Association of the Northwest. Mr. James G. Cannon addressed the Liability Insurance Association, which address was printed and distributed among all members, and Mr. J. H. Orr, a member of your committee, has addressed the local fire insurance agents of Tennessee, assembled at Nashville.

There is gratification in being able to report a decrease in fire loss in the United States and Canada in 1909 as compared with the two years preceding. The losses for last year were \$203,673,700 as against \$238,563,250 for 1908 and \$215,662,650 for 1907. It is to be hoped that such decline in losses may be continuous, and we are firm in the opinion that if all those forces now working for the prevention of fire waste, among which our Association is prominently numbered, keep consistently to the task, the huge fire loss which this country suffers—so much greater in percentage than the fire loss of Europe—can, as a result of education and wise law, be reduced from year to year until it compares favorably with European experience.

Several of our prominent business men who have for some time been carefully considering what methods can be adopted which will gradually bring about better conditions in the matter of fire insurance and fire waste have concluded that no one or two or even many business organizations, if working independently, can do much more than stir up the problem at its surface; but if several or perhaps a great number of business organizations of undoubted standing, could in some way bring their influence to bear as so many divisions of an army under a staff, which by reason of its training and experience was qualified to direct, then our fire waste would receive that consideration which must precede intelligent action and an invincible force would be brought into play in demanding that effective remedies be applied.

A movement to bring about unity of action on this question among leading business organizations will, therefore, probably be started in the near future and with this movement it is clear that our Association should be in touch. Your committee has no intention of asking the convention to hand over the Association's influence and any of its resources to further an undeveloped plan, but only to suggest that our secretary be authorized to enter into conferences which may be held by representatives of business organizations and if it seems best to him, take part in initiating such a movement as we have described. The expense involved in getting this work under way need not, till the experimental state is passed, be but a small burden for each organization interested. The details of the plan of operation and general spirit of the movement will be that which requires most careful consideration on our secretary's part.

Finally, your committee urges that the members of the Association all study the insurance problems of their own concerns and that, whenever feasible, they themselves take active charge of their own insurance matters, believing that if this be done members will eventually, and naturally by thus coming in close personal touch with insurance problems, interest themselves more generally in the educational work along insurance lines which our Association promotes. Beyond this, it is more than

likely that such a study of their own insurance problems would show where money could be saved their respective firms in premium charges by making simple improvements to reduce the rate and by preventing their concerns from entering into contracts with weak companies or those that have a reputation for being over technical in their adjustments. If, as we have contended, it is not right for retail merchants to leave their insurance matters entirely in the hands of insurance agents or brokers, it is increasingly wrong for wholesalers and manufacturers, who have so much more at stake in the matter, to leave the choice of companies and the conditions of risk entirely in the hands of representatives of the insuring interests. The credit men can strengthen their positions considerably by undertaking to advise their houses in this important particular.

The resolutions below are offered for the direction of the Association's general effort during the coming year. It is our belief that most effective work will be accomplished by the concentrated efforts of the Association upon virtually a single line.

## I

"WHEREAS, The important work of the Fire Insurance Committee of this Association requires that all affiliated branches appoint active local standing fire insurance committees, therefore, be it

*"Resolved,* That this convention earnestly appeal to every local administration to appoint such a committee at once, instructing it to undertake the study of local fire danger conditions and to work with the Fire Insurance Committee of the National Association for the improvement of such conditions."

## II

*"Resolved,* That this convention recognizes that the education of the public—and especially of the business public—in matters of fire insurance, fire waste and fire prevention must precede any thorough-going permanent reforms that will reduce losses and better relations between insurers and insured. It, therefore, highly commends the work done in the main by last year's committee in preparing the literature known as 'Burning Subjects,' and urges individual members and local association members to undertake a wide and liberal distribution of those leaflets issued under this heading."

## III

*"Resolved,* That the incoming Fire Insurance Committee, in collaboration with the Association's counsel and guided by his advice, prepare a model fire marshal law, and that this committee take such steps as seem best calculated to bring such a law before the legislatures of the various states, and to organize the individual and local association members of the various states to work for its enactment."

## IV

"WHEREAS, A movement has been started to bring together all the leading business organizations of the country in order that their united influence may be brought to bear in an attempt to improve existing fire insurance and waste conditions; be it

*"Resolved,* That this convention authorizes its secretary to represent the Association at conferences which may be called for this purpose and

take such part as seems to him advisable in assisting to put the movement on a stable and workable basis."

Respectfully submitted,

GEORGE W. CURTIS,  
J. G. MACKENZIE,  
A. J. MURRAY,  
J. H. ORR,  
I. D. RUSSELL, *Chairman.*

Just before the resolutions offered by the committee, Mr. Curtis said:

I am constrained to say on this matter of studying forms in policies that about six months ago I had occasion to look over the form which we have printed for use in our business and which we attach to all of our policies. I found while that form was prepared by one of the best attorneys, working with the best insurance man in the entire southwest, in my individual judgment, a very important word had been omitted, and if I was right it was clear we were absolutely at the time uncovered on perhaps \$35,000 worth of property. I immediately addressed a letter to every company in which we carried insurance, asking that they advise by wire that that defect was covered, and every one responded as requested and the forms, of course, were all changed and reprinted. (Applause.) I move that the report of the committee as printed, together with the resolutions as presented by the committee be approved and adopted by this body.

Motion seconded.

Mr. W. C. Kennedy, Los Angeles—I believe that in some cases the motion to adopt a report with the accompanying resolutions as a whole, has resulted in less thought and less discussion than these resolutions are entitled to, and I would like to amend the motion offered, merely to have the resolutions voted on separately, so that where different questions are involved we can discuss them more carefully. I believe motions to adopt these reports and their resolutions as a whole cause some of these excellent resolutions to lose effect, and to adopt them separately is more expressive of our best thought than to adopt them as a whole.

Mr. Curtis—With the consent of my second I will withdraw the motion to adopt the resolutions as a whole, and will move to have the report accepted and the resolutions considered *seriatim*.

Seconded and unanimously carried.

The secretary then read resolution No. 1 as follows:

"WHEREAS, The important work of the Fire Insurance Committee of this Association requires that all affiliated branches appoint active local standing fire insurance committees, therefore, be it

"Resolved, That this convention earnestly appeal to every local administration to appoint such a committee at once, instructing it to undertake the study of local fire danger conditions and to work with the Fire Insurance Committee of the National Association for the improvement of such conditions."

On motion duly seconded it was voted to adopt the resolution.

The secretary then read Resolution No. 2 as follows:

"Resolved, That this convention recognizes that the education of the public—and especially of the business public—in matters of fire



insurance, fire waste and fire prevention must precede any thoroughgoing permanent reforms that will reduce losses and better relations between insurers and insured. It, therefore, highly commends the work done in the main by last year's committee in preparing the literature known as 'Burning Subjects,' and urges individual members and local association members to undertake a wide and liberal distribution of those leaflets issued under this heading."

Motion made, seconded and unanimously carried adopting the resolution.

The secretary read Resolution No. 3 as follows:

*"Resolved, That the incoming Fire Insurance Committee in collaboration with the Association's counsel and guided by his advice, prepare a model fire marshal law, and that this committee take such steps as seem best calculated to bring such a law before the legislatures of the various states, and to organize the individual and local association members of the various states to work for its enactment."*

President McAdow—This puts two legislative committees at work.

Motion made, seconded and unanimously carried adopting Resolution No. 3.

Resolution No. 4 was read as follows:

*"WHEREAS, A movement has been started to bring together all the leading business organizations of the country in order that their united influence may be brought to bear in an attempt to improve existing fire insurance and waste conditions; be it*

*"Resolved, That this convention authorizes its secretary to represent the Association at conferences which may be called for this purpose and take such part as seems to him advisable in assisting to put the movement on a stable and workable basis."*

Mr. Clarence Braden, Louisville—Is it expected that the secretary of the National Association will appear at these various meetings where he may be requested, and that he discuss this subject of fire insurance or become informed regarding it? If that is the understanding I think the secretary should be empowered to appoint some one in his stead, as his duties might not permit him to be present at these meetings.

Secretary Meek—As I understand it, this is simply the initiative of a movement to bring the commercial bodies together in one definite plan of work, with headquarters in New York under charge of a competent fire insurance man, probably a trained engineer. The idea as it has been put to us is that if we can begin at the root of the fire evils through giving the public an opportunity to become educated in the means which are being employed in the older countries for the purpose of fire prevention, a great deal can be accomplished here; and by bringing these commercial organizations together and having a combined effort, managed by a man trained for that kind of work, good could be accomplished. It was for the purpose of bringing this Association to the support of the movement in connection with organizations like the National Association of Manufacturers and other large bodies of that kind that we were invited to participate.

Motion made, seconded and unanimously carried adopting the resolution.

Mr. M. H. Moise, Louisville—I just want to cite an instance similar to that brought out by Mr. Curtis which came to my notice just before my departure from home. We had formerly had insurance with the clause attached requiring us to maintain what is termed "due diligence" in carrying on night watch, and telegraph alarm service. Now, the companies without notice to us just a short time ago on expirations, had attached a different clause, pasting it over the former clause, and the effect of it was that that night watch and telegraph alarm service must be maintained constantly, nights, Sundays and holidays, making any remission sufficient to invalidate the policy. On a stock of \$100,000 in one of our buildings, there would have been a total loss in case of fire, as it was uncovered under the clause, because we had not been maintaining a night-watch, telegraph alarm service on Sundays or on holidays. Yet although the change had been inserted in the face of the policy without notice to us, it became a part of the contract. I immediately got into communication with every one of the companies, and they agreed to cover us on these policies in writing until the Board of Fire Underwriters in charge of such forms could finally thresh the matter out.

This little phrase attached to the policy may cause a sad awakening to those who have been lulled to sleep in the vain belief that they were really protected.

Mr. James E. Porter, Pittsburgh—As you have already learned from this very able report of your Fire Insurance Committee, the Pittsburgh Association of Credit Men have a fire insurance committee and a very active and energetic one. As stated in the report, they are endeavoring to have city government organize and maintain a salvage corps for the protection of property from damage by water in case of fire, maintaining that it is as much the duty of the municipality to protect the property from damage as it is to put out the fire itself. Our committee wants information which they believe they can get from the numerous associations affiliated with this National body, and on their behalf I offer this resolution for your consideration:

The Fire Insurance Committee of the Pittsburgh Association of Credit Men offers the following resolution:

*"Resolved, That the Fire Insurance Committee of the National Association take steps to secure all necessary information and statistics relative to the establishing and maintaining of salvage corps and provide the fire insurance committees of the various associations, in cities not equipped with such corps, with the results of their findings and recommend that the various associations through their fire insurance committees agitate the establishing of salvage corps in their respective cities."*

Mr. Porter—I move the adoption of the resolution.

Motion seconded.

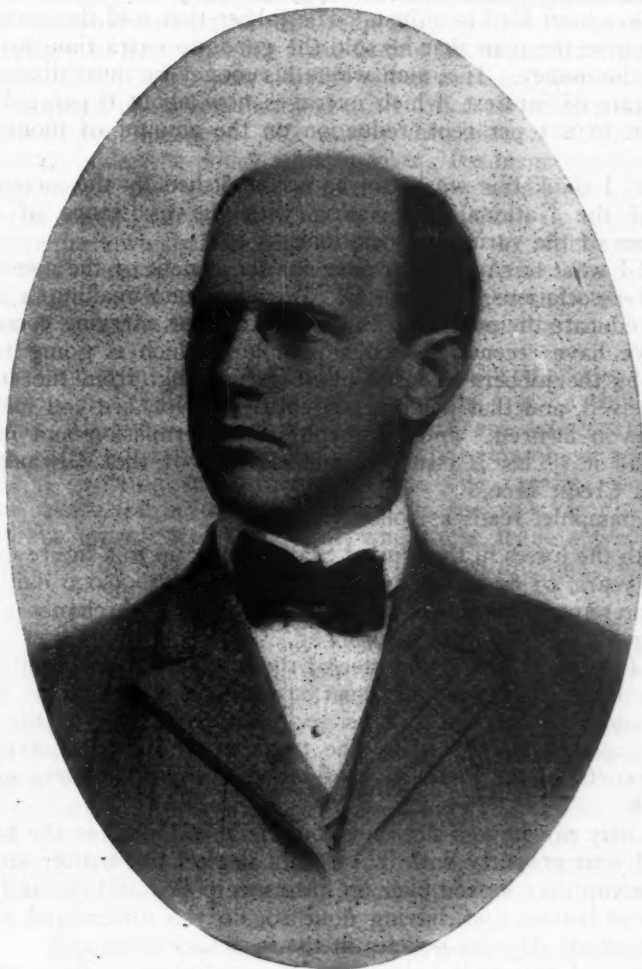
Mr. George W. Curtis, Fort Worth—Would it not be well to hand all resolutions to the Committee on Resolutions and let them digest and report on them later? That will save time, and a resolution with the meat in it that this has should be digested carefully.

President McAdow—We could not do that under our rules. We are now considering all questions arising under the head of the report of the committee, and it should properly come in here. We have as much time now as we will have when we get the report of the Committee on Resolutions before us. The question is on the adoption of the resolution offered by Mr. Porter, of Pittsburgh.

Unanimously carried and resolution adopted.

Mr. T. E. Brennan, Milwaukee—With your permission, I have a few suggestions that I would like to make to the incoming committee of the National Association, regarding work that can be done by that committee which would be of great benefit to the individual members of the Credit Men's Association and the concerns they represent.

In every contract of insurance that there is in existence in every state in the Union, there is provided a clause that the company shall not



*Director*

HERBERT E. CHOATE

J. K. Orr Shoe Company, Atlanta, Ga.

be liable beyond the actual cash value of the property at the time that the loss occurs, that actual cash value of the property as arrived at by taking the purchase price of the goods or the market price at the time that the fire occurs, deducting trade or cash discount in order to arrive at the actual cost of replacement and adding the freight. And every contract

from coast to coast also provides that the loss payable under that contract shall be paid sixty days after satisfactory proofs have been filed with the company.

The discounts named are taken off the merchandise and when the calculation is made and adjustments agreed upon it is only fair that the moneys be paid without delay. In other words the money should be due when the loss has been adjusted. (Applause.)

This practice of adding to the body of the contract of insurance that a loss shall become due and payable sixty days after satisfactory proofs have been filed is unjust. The jobber that sold the goods is compelled to give the man that he sold the goods to extra time for the payment of the money. If a man wants his money he must discount at the current rate of interest, which averages now about 6 per cent., and is equivalent to a 1 per cent. reduction on the amount of money that he receives.

Now, I think this work can be accomplished by the incoming committee of the National Association with the assistance of the local committees of the various associations.

And I want to say furthermore for the benefit of the committees of the local associations, that we in Milwaukee are making a strenuous effort to educate the people up to the necessity of carrying correct insurance. We have recently issued a pamphlet which is going to be distributed by the jobbers in large numbers, I think, from the encouragement received, and that pamphlet is entitled, "Not, are you insured, but how are you insured," and with your kind permission and indulgence I will read it. This is issued at the expense of the Milwaukee Association of Credit Men.

The pamphlet reads as follows:

"With the losses in the United States piling up to a figure during the past five years, of \$250,000,000 annually, almost \$690,000 daily, does it not appear remarkable to you that not one of fifty merchants is carrying both adequate and sufficient insurance?"

The Fire Insurance Committee of the National Association of Credit Men has had the subject of insurance under investigation for some months, and has decided that, as reciprocal courtesy for the business bestowed upon its members by the trade, to the outside merchants is due the benefit of the knowledge of *what insurance to carry as well as how much.*

You may not have a fire, but your neighbor may, or the town may burn, and your property with it. Do not neglect this matter any longer.

Have you ever looked over an insurance policy and carefully read it from top to bottom and, having done so, do you understand it? Most important of all, do your policies fit the insurance contract?

Because of defects in policies, claims amounting to many millions of dollars are compromised each year, and the merchant is forced to accept settlements which are, from this point of view, unfair—and—the smaller towns suffer more than the larger cities—and why? Because neither the agent nor the business man has the proper benefit of the opportunity of observing the adjustment of hundreds of losses per year, as in the larger cities. The troubles arising from defects in policies, therefore, do not come to the surface, and the individual pockets his loss and quietly resumes his business, for obvious reasons, not wishing to confess that he has been caught napping.

What we wish to impress upon you is the fact that too many



merchants do not examine their policies for defects until after a fire occurs, when it is too late for remedy, and the knowledge that the special clauses attached to their policies frequently make them null and void comes too late to be anything but a very costly lesson.

Then, again, the class of insurance companies on your risk deserves attention—deep and serious attention. Do you give it this attention? Do you know whether the companies are in position to pay your losses, or that they have a good record for paying losses promptly and without unjust deduction? Are its managers of high standing and character?

The National Association of Credit Men has felt for some time that it was its duty to lend a helping hand in this matter, and for this purpose, we suggest, that you get your policies out at once and inspect them. We want to impress upon you that you are entitled to policies which fit the conditions of your business. We want you to know what things you *can* or *cannot* do under the policy without giving the insurance companies an advantage over you when it comes to the settling of a loss.

If you want your policies inspected, consider us at your service. At your request we shall be glad to put you on the right track towards having this necessary work accomplished. After the fire all this advice is useless—do it now—it is the man of foresight who wins.

Issued by authority of the Milwaukee Association of Credit Men."

I do not want you to think for a minute that the Milwaukee Association of Credit Men pretend to advise you on this subject of insurance. In every city now-a-days there are representatives, and in some cities good live men, who can advise on these subjects; but there is a growing interest everywhere due to the efforts of the National Association of Credit Men in seeing that the forms of policies are more correct and fair, and these leaflets we propose to distribute in the secretary's room, and we would like very much to have you get copies of them. (Applause.)

Mr. S. J. Whitlock, Chicago—Recognizing the value of the leaflets published by the National Association we have ordered 10,000 of each, making 60,000 for distribution. We are now formulating a plan for their distribution which will not interfere with the distribution already made by members of the Association in Chicago, and as soon as that plan is completed we shall begin the work of distribution. (Applause.)

President McAdow—We will now have the report of the Banking and Currency Committee. We deeply regret the absence of the chairman, Mr. A. C. Foster, and in his absence the report will be read by Mr. W. Q. Wales, of Boston, Massachusetts. (Applause.)

#### **Report of the Banking and Currency Committee.**

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

The National Monetary Commission created by the Sixtieth Congress has not as yet made its report, and there appears little probability that the business world will get any inkling of what reforms in our currency laws will be recommended by the commission until the next meeting of Congress. Inasmuch as the National Monetary Commission is making an exhaustive and intelligent study of the banking and currency systems of the world it is expected that when the report is finally presented to Congress it will contain recommendations that will be a foundation at

least for a currency system that will reasonably meet the demands of the diversified interests and constantly changing conditions of this great country. For several months the commission has carried on a great and helpful educational campaign by distributing to the public printed matter containing detailed information regarding the banking systems of foreign countries and much other matter having especial bearing on our banking and currency conditions.

Following the suggestion of last year's committee, your present committee on Banking and Currency has felt that the best interests of our Association would be subserved by awaiting the report of the National Monetary Commission for our guidance in all matters pertaining to currency reform and by confining for this year the efforts of your committee to the securing of reliable statistics in regard to the banking laws of the several states of the Union, with the object in view of bringing proper influence to bear to secure corrective legislation in those states having inadequate banking laws. Since your committee was appointed the legislatures have convened in only nine states and your committee has been able to accomplish little or nothing in the way of influencing any specific banking legislation, but it has gathered together a great deal of valuable information for the use of the incoming committee on banking and currency, to the end that the work may be continued from the point where this report leaves off without the necessity of consuming valuable time next year in gathering together statistical information to indicate in what states banking enactments are urgently needed.

Investigation by your committee has uncovered the fact that in many of the states banking statutes are in conflict with one another, frequently vague as to meaning, and badly in need of correcting and codifying through the repeal of old laws and the enactment of new statutes relating strictly to banking institutions. In fact, your committee was much surprised to find such a chaotic condition as exists in the banking laws of a majority of the states. In some states it would appear that the appropriation allowed the banking department is entirely inadequate for the proper carrying out and enforcement of the laws, while in other states the number of examiners specified under the laws is so few that it would be utterly impossible to examine carefully all of the banks in said states in the time specified. Such laws are almost worse than no laws at all, in that they appear to give security to the depositor without affording any practical protection in fact. In the judgment of your committee many of the states extend to trust companies far too liberal powers and grant to them a scope of operation never contemplated when the laws were drafted; in fact quite a number of states do not seem to have any specific laws regulating trust companies, and in those states it would appear such institutions are allowed to conduct their business affairs seemingly at the discretion of their managing officers.

Your committee believes that the loose banking laws which exist in far too many of the states will not in all probability be speedily corrected unless the influential business men of the states in question will agitate the matter through the public press and demand of legislators that proper laws be passed to safeguard the deposits of the people. Inasmuch as credit men are organized in nearly all of the states of the Union it would seem proper that this demand for better banking laws should originate with them, not only for the reason that they are competent to pass upon the character of laws which should be enacted, but by reason of their participation in financial and business matters a demand from them would be sure to carry great weight with the press and mem-

bers of the state legislatures. In those states having more than one credit men's association your committee recommends that the banking and currency committee of all of the local associations in such states combine forces in order that the credit men in all sections may work in unison and simultaneously bring proper influence to bear to secure corrective legislation governing state banking institutions. This work should be inaugurated at once and vigorously prosecuted without awaiting initiative from the Banking and Currency Committee of the National Association as it is important to agitate the securing of better banking laws in those states where it is necessary before the beginning of the next session of the legislature. In order that credit men may know in which states there is to be an early convening of the legislature, a list of such states follows:

Dates on which legislatures convene:

Alabama .....	January 10, 1911.
Arizona .....	" 16, 1911.
Arkansas .....	" 9, 1911.
California .....	" 2, 1911.
Colorado .....	" 3, 1911.
Connecticut .....	" 9, 1911.
Delaware .....	" 3, 1911.
Florida .....	April 4, 1911.
Idaho .....	January 2, 1911.
Illinois .....	" 4, 1911.
Indiana .....	" 3, 1911.
Iowa .....	" 9, 1911.
Kansas .....	" 10, 1911.
Maine .....	" 5, 1911.
Michigan .....	" 4, 1911.
Minnesota .....	" 3, 1911.
Missouri .....	" 4, 1911.
Montana .....	" 2, 1911.
Nebraska .....	" 1, 1911.
Nevada .....	" 16, 1911.
New Hampshire .....	" 4, 1911.
New Mexico .....	" 16, 1911.
North Carolina .....	" 4, 1911.
North Dakota .....	" 3, 1911.
Ohio .....	" 2, 1911.
Oklahoma .....	" 3, 1911.
Oregon .....	" 9, 1911.
Pennsylvania .....	" 3, 1911.
South Dakota .....	" 5, 1911.
Tennessee .....	" 2, 1911.
Texas .....	" 10, 1911.
Utah .....	" 9, 1911.
Vermont .....	October 5, 1910.
Washington .....	January 10, 1911.
West Virginia .....	" 13, 1911.
Wisconsin .....	" 11, 1911.
Wyoming .....	" 10, 1911.

Of course, in order that credit men shall act intelligently in their efforts to secure the passage of better banking laws, it is necessary for them to be able to judge in what ways the laws of their respective states

are inadequate, and also to have some idea as to what provisions should be incorporated in a law so that the banks shall be properly controlled and deposits sufficiently safeguarded. Your committee has made a careful investigation and study of the banking laws of all the states and lists below certain provisions which it believes should be incorporated in a properly safeguarded law to govern banking institutions.

There should be separate and complete legislation governing commercial banks; there should be separate and complete legislation governing savings banks; there should be separate and complete legislation governing trust companies; also separate and complete legislation governing other financial institutions, so that the laws governing one class of banking institutions could not possibly be in conflict with any other class. The amount of capital should be stated, and the manner it is to be paid in prescribed. The amount of the capital can be graded in proportion to the population. Stockholders should be liable to the amount of their stock at par in addition to the amount invested in the shares. There should be a distinct department of the state for banking, with a chief executive officer with full powers to handle all matters pertaining to banking institutions, and under the direction of the court to wind up or rehabilitate failed institutions. This department should be removed as far as possible from politics, and the appropriation of money to run the department should be sufficient properly to carry out the intent of the laws. The bank examiners should be sufficient in number so that all banking institutions may be carefully examined at least semi-annually. The salary of the bank examiners should be sufficient to secure experienced and competent officials. Directors should be required to meet at least monthly and ratify all of the loans and investments made by the bank, and the officers should be required to submit a list of such loans and investments at the meetings of the directors. The laws should require that a committee from the directors shall at least semi-annually, make a careful examination of the bank's affairs, counting the cash, verifying the books, checking up the loans, discounts, collaterals and investments of the bank and make a report of their findings in writing to the directors and to the banking department of the state in question. Banks should be required to make reports to the banking department on unknown past dates at least three times in each year, such reports to be published as required by the banking department. Each banking institution should be required at certain intervals to publish a list of its directors. Each banking institution should be required to carry a certain percentage of its deposits on hand in cash, as reserve, a certain percentage of which reserve should be in lawful money in bank, and there should be a provision stipulating that, should the reserve decline below the required amount no new loans or discounts could be made until the legal reserve had been restored. There should be a limit placed upon the amount which a bank may loan to any person, firm or corporation, with a penalty for an infraction of the law. Discount of bills of exchange, however, drawn against existing values, and discount of paper owned by the person negotiating it should not be considered as money borrowed. Also there should be some limit to the total liabilities due from stockholders to their bank, including any and all liabilities of any firm or corporation in which such stockholders may be interested, except that discount of bills of exchange drawn against existing values and discount of paper owned by the person negotiating it should not be considered as money borrowed. Loans to officers and employees should either be prohibited or else such loans should be submitted to and approved (before being made), by the



directors. There should be a penalty for the infraction of this provision. In the case of savings banks the character of investments should be stipulated. No banking institution should be allowed to purchase or hold its own stock unless it is necessary to do so in order to prevent loss on a previous debt. In such case the banking institution should be required to sell the stock within six months. Branch banks should either be prohibited or if allowed should maintain at every office a capital of not less than the amount required for the organization of separate banks. All persons, firms, and corporations transacting a banking business should be made amenable to all of the provisions of the law. Penalties



*Chairman, Banking and Currency Committee*

A. C. FOSTER

United States National Bank, Denver, Colo.

for infraction of any of the provisions of the law should be made severe and enforcement mandatory upon the banking department. There should be some limit to the amount a banking institution may borrow or rediscount, except for the purpose of paying off its depositors. No banking institution should be allowed to borrow habitually for the purpose of reloaning. No dividends should be declared except out of net profits. There should be a severe penalty provided in all cases where officers

or directors receive deposits after they have knowledge of the bank's insolvency.

There may be honest differences of opinion between business men as to whether a proper banking law should contain *all* of the foregoing provisions, but your committee believes that there can be no difference of opinion as to whether a proper law should contain the following provisions, to-wit: A banking department, a bank examiner, a requirement that banks shall publish reports of conditions, a cash reserve requirement, a limit on loans to one individual, firm or corporation, and some restriction in loans to officers.

For your information your committee lists the names of the states in which one or more of the aforesaid provisions appear to be lacking as follows:

*Arizona:* Has no limit on loans to one person, firm or corporation in any class of banks, and no restrictions in loans to officers except in the case of savings banks.

*Arkansas:* Has no banking department; has no provision for a bank examiner; no reports of condition required; no cash reserve required; no limit on loans to one person, firm or corporation, and no restrictions of any kind apparently.

*Colorado:* In the case of commercial banks, no provision for a cash reserve. Trust company laws very deficient.

*Delaware:* Has no provision for regular and enforced examinations; has no limit on loans to one person, firm or corporation, and no restrictions in loans to officers.

*Florida:* Has no limit on loans to one person, firm or corporation; has no restrictions in loans to officers except in the case of savings banks. Apparently has no laws governing trust companies.

*Georgia:* Has no specific provision for a cash reserve; has no separate act governing savings banks.

*Illinois:* Has no provision for a cash reserve.

*Indiana:* Has no provision for a cash reserve; has no limit on loans to one person, firm or corporation.

*Kentucky:* Apparently has no provision requiring examination.

*Maryland:* Has no provision for cash reserve; has no restrictions in loans to officers of commercial banks. The law needs codifying.

*Minnesota:* Has a provision requiring directors to examine, but apparently has no provision for examination by public examiner.

*Mississippi:* Has a provision requiring directors to examine, but apparently has no provision for examination by public examiner; has no cash reserve requirements; has no limit on loans to one person, firm or corporation.

*New Hampshire:* Has no provision requiring a cash reserve.

*New Jersey:* In the case of commercial banks and trust companies, seemingly has no provision requiring examination by public examiner.

*New Mexico:* Has no provision for a cash reserve except in the case of trust companies; has no limit on loans to one person, firm or corporation, except in the case of savings banks and trust companies.

*North Carolina:* Apparently has no limit on loans to one person, firm or corporation in the case of banks with a capital of \$100,000 or less; has no restrictions in loans to officers.

*North Dakota:* Has no restrictions on loans to officers except in the case of trust companies.

*Pennsylvania:* Has no requirement compelling the state examiner to examine banks at regular intervals; has no limit on loans to one person, firm or corporation, except in the case of officers and directors.

*South Carolina:* Has no provision for a cash reserve.

*Tennessee:* Has no one official charged with supervision of banks; has no official bank examiner; has no provision for a cash reserve; has no limit on loans to one person, firm or corporation; has no restrictions in loans to officers.

*Vermont:* Apparently has no legislation governing commercial banks; has no provision for a cash reserve in case of savings banks and trust companies.

*Virginia:* Has no provision for a cash reserve; has no limit on loans to one person, firm or corporation, or restrictions in loans to officers. (Virginia has this year enacted a law for the more frequent, regular and thorough-going examination of its banking institutions.)

*Washington:* Has no limit on loans to one person, firm or corporation.

*West Virginia:* Has no restrictions in loans to officers, except in the case of savings banks.

*Wyoming:* Has no provision for a cash reserve, except in the case of savings banks and trust companies; has no restrictions in loans to officers.

In conclusion your committee offers the following resolutions:

*"Resolved,* That the effort of the incoming Banking and Currency Committee be directed, during the year, mainly toward arousing an interest on the part of credit men and bankers in the securing of more adequate banking laws, especially in those states where such laws are so badly needed;

*"Resolved,* That the officers of this Association urge the local associations to appoint as members of their banking and currency committees, persons having a knowledge of legislative matters, and otherwise qualified through experience and business training to carry out such important work."

Respectfully submitted,

H. G. BARBEE,  
NEWMAN ESSICK,  
E. D. PLUMMER,  
W. Q. WALES,  
A. C. FOSTER, *Chairman.*

Just before reading the resolution Mr. Wales said:

Two years ago the Massachusetts legislature passed a law covering reserves of trust companies, making them 15 and 20 per cent. of the deposits, according to the class of trust company. If any one would like a copy of that law let him communicate with the secretary of the Boston association who will be glad to furnish it to him.

Mr. Wales—I move the acceptance of the report and the adoption of the resolution.

Motion seconded and report accepted by unanimous vote.

Mr. C. H. Sansom, Newark—There is an error in the record regarding the state of New Jersey. It says: "In case of commercial banks and trust companies, seemingly there is no provision requiring examination by public examiner." That is not true. We have in the state a bank insurance examiner for the examination of all trust companies and building and loan associations in the state, and such examinations are made regularly.

Mr. Wales—On behalf of the committee the correction will be accepted.

On motions duly made and seconded the resolutions contained in the committee's report were adopted.

President McAdow—Is there further business under the head of the report of this committee? If not, we will pass to the report of the Business Literature Committee, and it will be presented by Mr. J. Edward Stilz, of Indianapolis, Indiana. (Applause.)

Mr. Stilz—Permit me to preface this report by making a few remarks not appearing in the publication. These were not included in the copy forwarded by our committee to Mr. Meek, because we were confident that his characteristic modesty would restrain him from putting them into print.

We believe that few of our members appreciate the extent to which the National office is responsible for the successful conduct of the work of this particular committee.

The editing and publication of our monthly BULLETIN, a work of the greatest importance and responsibility, is altogether the product of the mind and hand of Mr. Meek, as is also the compilation of the Credit Men's Diary. All of the literature issued under the auspices of this committee emanates from the National office.

Assuming as this committee did its responsibilities without previous experience and knowledge of the requirements, it would have been extremely difficult for us to present any kind of a favorable report had we not been able to lean heavily upon our good secretary-treasurer, Mr. Meek. We believe in bestowing credit where credit is due, and wish, therefore, to take this opportunity of publicly expressing our deep appreciation of the valuable services he has rendered us in conducting our work, and to thank him for the patience, courtesy and the hearty spirit of co-operation he has so consistently accorded us in the prosecution of our work.

#### Report of the Business Literature Committee.

*To the Officers and Members of the National Association of Credit Men.*  
GENTLEMEN:

Your Business Literature Committee in preparing its report finds that its position among the committees is not well defined, and for that reason it may be guilty of encroaching upon matters treated in other reports. Its duty is largely that of making known the work of other



committees. It has no share in molding their policies, but it does co-operate with them all by setting forth their plans and achievements, and seconds their efforts by stirring up all branches of the Association to press forward to make the results of the various committees' work as widely felt as possible.

The highest degree of efficiency and service in our Association demands that everything we undertake for the advance of credit men's affairs should be brought, in its every bearing, within the view of all who should be interested. Ninety per cent. of our work is what may be termed educational and clear and forceful expositions of our purposes and plans as our committees develop them are essential to any real and lasting progress. It is a fact, therefore, that as the activities of the Association increase, the Business Literature Committee will have placed upon it, increasing responsibilities in bringing these activities before members and non-members in a manner which shall be favorable and impressive.

The BULLETIN is the true mouthpiece of the Association. Without it, as a prominent member has recently said, so large an organization as ours would not be practicable. No radical changes have been made during the year in the BULLETIN, but those who have watched this publication closely from year to year will have detected in it a gradual evolution, for with the development of the Association and the broadening of its interests the BULLETIN has had to give more and more space to special Association activities and less and less to what might be termed essays on subjects related in a general way to credit men's work. To illustrate, take two departments only, the legislative and investigation and prosecution under which the Association has been undertaking some especially difficult tasks. The BULLETIN would not be performing its first and normal duty unless it presented a comprehensive record of the work being done by the members all over the country to advance legislation aimed to safeguard credits or gave recognition to those men and local associations who are doing yeoman service to put down the commercial plunderer and perhaps land him behind the bars. It is, as your committee believes, the work of the BULLETIN not so much to *educate* the individual credit man, though that is one of its purposes, as it is to strengthen his association ideas by showing him what indispensably important lines of work credit men can do in organization which they cannot do singly. Therefore, it is inevitable that the BULLETIN become increasingly an "*association bulletin*" in the true sense of that term, recording in as interesting a style as possible the special activities to which credit men are giving and must continue to give their attention and thus making it perfectly clear to credit men everywhere that it is necessary to join closer together to bring about better conditions.

It is a good thing that the credit side of business is developing a distinctive literature for it means that the brightest minds in the credit men's profession are passing along to all, the advantage of their experiences and conclusions. That is the way every science has advanced. A few years ago there was no literature the credit man recognized as peculiarly his own; now he can assemble quite a shelf of it and foremost on that shelf is the BULLETIN of this Association which should always embody the leading thoughts in credit matters.

There have been some new headings introduced into the BULLETIN by your committee, which we believe will meet your approval. "Special Activities Now Engaging Local Associations" is the most important. The advantage of this column is that it brings out in one place special

lines of work being carried on by the seventy affiliated branches of the Association. This information was so scattered before, that the reader could not without difficulty comprehend it. The effect of this catalogue will probably be to suggest useful lines of action for local associations to pursue, stir up local administrations which have been content merely to exist, and bring together for joint action, associations in the same state or located in proximity.

Under another new heading your committee has been presenting monthly a calendar of recent events in local associations, that is meetings and luncheons. It has been suggested that a column presenting dates of meetings to be held in the immediate future be given each month so that a credit man planning to visit a city having an affiliated branch may perhaps time his trip so that he may attend its meeting. This can be done if local associations will but take the pains to forward the necessary information to the National office before it is too late to receive BULLETIN copy.

Another new feature, simple enough in itself, but which has been fruitful of results, has been the use of paragraphs here and there through the BULLETIN, set in heavy type, in which are emphasized special lines of work credit men can advantageously take up, warnings against names unsafe to extend credit to, and special privileges which members of the Association need to have constantly called to their attention. The large amount of correspondence received at the National office based on these paragraphs indicates that they are very generally read.

For several years the National office has been reserving each month 100 copies of the BULLETIN. At the end of the year that number of bound copies of the year's BULLETINS is made up with a very complete topical index. So convenient is this store of credit men's reading thus made that it is surprising the demand for the bound BULLETINS has not exceeded the supply. They are particularly useful to all active members in the Association, all committee chairmen, local as well as national, but the demand for them has not come from these sources.

In view of these facts we think it would be advisable for the National office to set enough copies aside through the year to present a bound indexed copy to every affiliated branch, same to be the property of the branch and to be passed along by each set of officers to their successors. In this way local committeemen can, with the least difficulty, get into touch with everything pertaining to their departments.

We offer no recommendation in the way of changes in make-up of the BULLETIN. We want to see it hold firmly to the purpose to present with dignity and in as interesting a style as possible all matters which credit men should know. It should at all times seek to give voice to the highest ideals and objects of the credit men's profession and of the National Association of Credit Men.

The growth of the Association is reflected in the records of BULLETIN circulation. During the year 155,750 copies of the BULLETIN have been printed and distributed. These figures show an increase in circulation over the previous year of 16,750 copies, and over the year 1907-1908 of 32,250 copies. The cost of printing and distribution was \$7,085.62. Receipts from outside subscribers and for sales of bound BULLETINS amounted to \$341.79, making the net cost for the year \$6,743.83, an increase over the previous year of \$1,366.86. The increased cost is due to increased circulation and to the fact that the number of pages is considerably larger than in any previous year.

The thought has suggested itself to your committee that a proper

subject of discussion by this convention is the custom of presenting verbatim in the July BULLETIN each year the proceedings of the annual convention. Last year over three hundred pages were required for this purpose, and of course the expense of such an issue is heavy (approximately \$2,000 for the issue of July, 1909). In order to get the matter before the convention for discussion we are offering in its proper place an appropriate resolution. It is, perhaps, well to make clear that if it were decided to adopt any change of policy along the lines suggested the Association would still be in permanent possession of the full con-



*Chairman, Business Literature Committee*

J. EDWARD STILZ

A. Kiefer Drug Company, Indianapolis, Ind.

vention proceedings in typewritten form as prepared by the official stenographer.

Incidentally it is interesting to note that the reports of proceedings of our annual conventions are printed with commendable promptness. There are few, if any, associations that pretend to bring out their convention proceedings within six months of convention dates.

The Credit Man's Diary for 1910 enlarged and improved considerably as compared with that of 1909, met with a large demand. 1,900 copies

were sold as compared with 1,400 last year. The Diary has, therefore, passed the introductory state and may safely be regarded as a permanent part of the Association literature. We believe the work is still far from being all that it can or ought to be and that successive committees can for some time to come suggest new features which it will be feasible to introduce and which will make the book more useful. What the order of these improvements should be is a matter of opinion, which should be left with successive committees to decide, so that we make no suggestions on this point. That the Diary helps to keep the Association daily before those who use it there can be no question, and it would be well if every member, affiliated and individual, had a copy.

The committee of last year recommended for our consideration the publication of a "Law Digest," but in view of the fact that the Credit Man's Diary contains the bankruptcy law, synopses of exemption, bulk sales, chattel mortgage, mechanics' lien, insurance and other laws, as well as an analysis of the federal corporation law, it was not deemed advisable by your committee to undertake the publication of any other work of this sort as it would necessarily lead to much duplication.

The committee has made a point of securing as large a distribution as possible of literature which should be interesting and of practical use to the members. Some of this matter is in the form of reprints and articles prepared in connection with credit work and by credit men, and some, matter of high merit and value prepared by other organizations. Among the most important under the last named are:

1. "Abuses as to Receivers in Bankruptcy," prepared by a committee of the New York State Bar Association.
2. "American Uniform Commercial Acts," being a review of the remarkable work of the Commissioners on Uniform State Laws.
3. "The Four C's of Credit," a splendid epitome of matters pertaining to credit prepared by C. W. Post, of the Central National Bank, of Philadelphia, a high authority in the theory and practice of credit granting. Through Mr. Post's courtesy several hundred of these booklets were secured at a low figure and have met with a large demand from the members.
4. "The Bankruptcy Law and Peaceable Settlements of Commercial Failures," by Harold Remington.
5. "Various Phases of Commercial Failures," being Julius Henry Cohen's address before the last convention of the Association held at Philadelphia.
6. "Summary of the Federal Corporation Tax," with explanation of certain of its clauses.

Under this heading also might be mentioned the pamphlet containing the schedules of the Aldrich-Payne Tariff Law, which under an advantageous arrangement with our printers we secured for members at a low price. The accommodation seems to have been much appreciated.

A piece of literature which has received perhaps more appreciation than any other, because so well adapted to bring concisely before the members the meaning of the Association, is the address of our ex-president, James G. Cannon, made before the Liability Insurance Association last fall. The able and authoritative exposition of what our Association set out to do in its formative years and the unqualified assertion that the Association has "made good," coming from a man in Mr. Cannon's



position, has made his address a most effective piece of literature to set before a prospective member, and we feel quite positive that this address helped the membership committee very materially in making its splendid record of the past year. Let us advise those attending this convention that when they find a fellow member becoming lukewarm regarding the Association, or a non-member skeptical of its ability to accomplish anything good, they hand a copy of Mr. Cannon's address to the doubter with only an explanation as to why Mr. Cannon may speak in this matter with authority.

"Failures and their Causes," by Frank W. Yale, "Business of Making Laws" and "Interstate Chaos," by the Hon. Wm. H. Hotchkiss, and "Co-operation of the Salesman and Credit Man," by A. C. Foster, are a few other pieces of literature your committee has decided to keep in stock ready for distribution among members as called for.

In response to a demand from several quarters, for a list of books bearing on credit men's work, the committee recently prepared such a list, giving prices and names of publishers. This fact has been noted in our regular letters to members and in the BULLETIN and has attracted considerable attention. Next year's committee should revise this list and do all in their power to encourage members to read the books. There is a great movement on foot for higher education among business men, a demand to which our best known universities have given heed. It is recognized that the republic needs breadth of vision and ability to grasp the significance of events on the part of its business men. The books which your committee suggests, will give the credit men who read them a broader outlook in their profession and fit them better to meet the need of the times. The subjects covered by the books listed bear on

Credits	Correspondence
Collections	Banking
Accounting	Transportation
Finance	Advertising
Panics	Depressions
Various Important Business Principles.	

What has given your committee most satisfaction this year has been the progress shown in literature issued by the local associations. The work that some local business literature committees are doing to keep at white heat the interest of their fellow members, and in fact to infuse the entire business community with a sense of the importance of the aims and objects of the Association, has in many cases made it possible to write "success" over associations which otherwise would have merely run along in ruts. An administration may be ever so ambitious and some of the committees may take their work as seriously as you please, yet all should have their efforts seconded by an intelligent, enthusiastic business literature committee, and we trust hereafter no local association will try to get on without it. This committee should also be relied upon to give the local press interesting write-ups as frequently as possible upon the doings of both the National and local associations. Such publicity will be found distinctly advantageous in predisposing the minds of business men favorably towards our work.

We have received from time to time requests from members of various local associations and from the various business literature committees for material to be used by them in the meetings of their associations or in the work of their committees. To all such inquiries we have responded to the best of our ability, having supplied such literature as

we have had on hand, and we trust we may have been of some benefit to such associations.

Keep your members informed and incidentally keep the public informed,—should be watchwords with every branch of the Association. Usefulness will surely follow our associations which accept this precept and act wisely upon it.

On January 19th the committee addressed a letter to each local association having in mind two main objects, one being to stimulate an interest on the part of local associations in maintaining business literature committees and in the publication of leaflets at regular intervals; the other being the creation of greater interest on the part of our members in the monthly BULLETIN issued from the National office. We particularly emphasized some features of the monthly BULLETIN which we deemed of most importance to our members such as the columns given to absconding debtors, information relative to collection agencies, notes regarding the doings of local associations and articles and addresses by various men of prominence and ability. We also suggested that wider interest in the monthly BULLETIN might be created if each association would set apart at least a portion of a certain meeting for a discussion of the BULLETIN and its merits. We do not know to what extent our suggestion was adopted, but we would again bring this matter to the attention of local associations. The value, the interest and the importance of our monthly BULLETIN cannot be over-estimated and it should receive all the attention and prominence possible on the part of our local associations:

The monthly letter to officers of affiliated branches has proved itself one of the best means of keeping alive the interest of the branches in the larger purposes of the Association. The material the National office presents in these monthly letters, much of it of vital interest to every credit man, is, we believe, generally passed along by the local officers to their members principally through the local leaflets. Matters which cannot for obvious reasons be set forth fully in so general a publication as the BULLETIN find a place in these special letters.

The Philadelphia convention put up to your committee the task of preparing a booklet to replace "Is it Worth the Dues?" on the ground that for prospective membership work something fresh and different should be available. Mr. Cannon's address, already referred to, met this demand quite accurately, so that for a while the committee postponed its efforts to prepare a general booklet to explain the Association and its work. Quite recently, however, the preparation of this booklet has been pushed forward and the booklet is in the hands of the printer. It was not a simple matter to determine upon what lines this work should be carried out. We hope the results will meet the approval of the Association and prove beneficial in building up the organization.

We offer the following resolutions for your consideration:

#### I.

"WHEREAS, Intelligent, persistent and well directed publicity is one of the first essentials in bringing to success the tasks which credit men in organization are undertaking, be it

"*Resolved*, That this convention through its proper officers urge upon all local branches the necessity of appointing from among their most active members, business literature committees whose duty it shall be to keep constantly before their fellow members the various activities of the Association and endeavor to infuse through public print and by

special local bulletins general enthusiasm in all business men for the Association's aims and accomplishments."

## II.

"Resolved, That the secretary of the Association be authorized to present every affiliated branch annually with a bound indexed copy of the BULLETIN and to deliver same without charge to each of such branches with the understanding that these bound copies of the BULLETIN shall remain the property of the branches and not that of the officers who were acting at the time of their receipt."

## III.

"Resolved, That the National Association of Credit Men through the business literature committee shall do everything in its power to popularize among its members the study of works which apply directly or indirectly to the credit man's special department of business with a view to giving the members of the Association as broad an outlook upon their responsibilities as possible and a quickened perception of the relations of their work to general economic events, and be it further

"Resolved, That our local associations be urged to secure in the public and other libraries of their respective cities distinctive departments for literature bearing broadly upon subjects with which the well informed credit man should be acquainted."

## IV.

"Resolved, That the convention expresses its appreciation of the great service rendered the Association by Mr. James G. Cannon, of New York, in setting forth so explicitly, convincingly and eloquently before one of our large insurance organizations, the aims and accomplishments of this Association. In the generous distribution of copies of this address Mr. Cannon has strengthened our present members in their faith in the organization and his authoritative assertion that the National Association has 'made good,' has been of incalculable assistance in solving the doubts of many excellent credit grantors who had before hesitated to join the Association."

## V.

"Resolved, That this convention give its careful consideration to the advisability of continuing to publish *verbatim* the proceedings of these conventions."

Respectfully submitted,

W. H. COOK,  
WM. H. ELVIN,  
HENRY A. JEFFRIES,  
A. D. JOHNSON,  
J. EDWARD STILZ, *Chairman.*

During the reading of the report Mr. Stilz made the following comment:

The list of literature presented in this report does not compare with the Model Credit Department exhibit, but that was not our intention. We merely wished to place before you some idea of the extent and variety of the literature in the possession of this committee. We are pleased that good use has been made of that exhibit, and we trust that each member will get some of the literature; and

we hope that you will consider that it is your privilege and duty to bring to the attention of the committee any literature that is of interest and value to credit men. Whatever you may do in this behalf will be appreciated by the committee.

Mr. Stilz—There are four of these resolutions which if it be the pleasure of the convention could be adopted without debate. The last one requires consideration. I therefore move that this report, together with Resolutions 1, 2, 3 and 4 be adopted as read.

Motion seconded and unanimously carried.

President McAdow—The question now is on Resolution No. 5, which is as follows:

*"Resolved, That this convention give its careful consideration to the advisability of continuing to publish verbatim the proceedings of these conventions."*

Mr. A. N. Ritz, Milwaukee—I move that the resolution just read be rejected.

Seconded.

Mr. J. R. Paine, Memphis—In adopting the motion just made wouldn't that mean that the present policy would be continued of publishing the proceedings verbatim?

President McAdow—If the resolution is rejected we go on publishing the proceedings in full.

Mr. Paine—I hope very much then that the motion to reject will carry, because the publication of these proceedings verbatim is very valuable. The best idea of the convention proceedings is given in the BULLETIN and those who do not attend should have the information, and I very much hope that we may continue to have our convention reported in the BULLETIN verbatim.

Mr. W. C. Kennedy, Los Angeles—May we have the expression of Mr. Meek's views on this subject?

Secretary Meek—I will take the responsibility for the resolution appearing in the report. I thought it was proper to bring it up at this time, because it is my candid opinion that at least 60 per cent. of the convention BULLETINS that are issued from the office are lost, and I thought that it would be worth while to consider whether at the expense we are put to (last year approximately \$2,000 for printing alone), it is worth while to continue publishing the proceedings in full when probably only 30 per cent. of the BULLETINS mailed from the office are made use of. My estimate of this is arrived at from the correspondence that comes to me from time to time during the year treating of matters about which, if the writers of the letters had taken the trouble to examine the July BULLETIN, it would have been unnecessary to consult me, and this difficulty is growing so fast with the increase in our numbers, that I thought it was the proper time for the convention to decide just how far we should continue to go.

Mr. Kennedy—The idea being to give us a comprehensive digest of the meeting?

Secretary Meek—The idea being not to eliminate so much the committee reports or the discussions pertaining directly to the reports as to give the office discretion in eliminating matters which do not have a direct bearing on the work of the Association. Last year the editor did take the liberty to condense the invocations and matters of similar character that came before the convention, but did not want to go so far as to take the responsibility of cutting in on the balance to any extent.



Mr. Stilz—I think the convention should understand that it would not be the purpose to eliminate from the BULLETIN all reference to the committee reports. If adopted, the resolution would make it discretionary with the secretary as to how much of what occurs on convention floor should be eliminated, and I am sure that his judgment can be trusted not to eliminate anything which would be of value. Of course our entire proceedings are of value and interest but a great deal could be eliminated from the publication without in any way detracting from the interest in the BULLETIN or its importance in informing those members who were not able to be present at convention. It should be understood that the publication of the one month BULLETIN containing the report of the convention costs four times as much as any other issue; and while none of us would for one minute agree to eliminate altogether from that BULLETIN any reference to this convention, I feel personally that the matter should be left to the discretion of the editor to eliminate such matter as he feels could be consistently left out without detracting from the value of the report.

Mr. Ritz—I feel that the members at home, the members who pay the bills, are entitled to a complete record of this convention, and they should have it and none of it should be cut; and that is the reason I made my motion.

Mr. H. A. Sedgwick, Duluth—It seems to me it is highly desirable to have our reports verbatim. What might interest a credit man in one section might not interest a credit man in another section; and I would say that considering the comparatively few credit men who attend this convention, it would not be just to eliminate from the BULLETIN any of the proceedings of the convention; it would seem to me that as we hold these conventions only once a year that we should publish verbatim the entire proceedings of the convention. In my judgment it would be inadvisable to cut anything out.

Mr. J. H. Kentnor, St. Louis—I would suggest a resolution to give the secretary discretionary powers as to what portion of the proceedings should be printed. We have full confidence in him and that he will put into the publication such matter only as would be of benefit to all concerned. I rather agree with Secretary Meek that there are many BULLETINS that are lost and that he is given unnecessary work simply because of that, and it ought to be obligatory on each member to preserve the report.

I offer this as an amendment to Mr. Ritz's amendment.

President McAdow—As the chair understands, the motion before the house is to reject the resolution.

Mr. Kentnor—I offer mine as an amendment that the secretary be given discretionary power to publish such matters pertaining to the proceedings of the convention as he sees fit.

President McAdow—I rule that that is out of order. This resolution which we are now acting upon does give the secretary just what is contemplated by Mr. Kentnor's amendment, and the question is whether we will reject the resolution printed in the committee's report.

Mr. George W. Curtis, Fort Worth—It occurs to me that Secretary Meek is undertaking to assume a much greater load than perhaps even he appreciates, in making this request. It is very difficult to digest and edit a publication of this sort; and the membership of this Association throughout the country are entitled to the report verbatim of these proceedings, and in a fair sense they are entitled

to it; and men who come here and perhaps make some talks on subjects and present some reports or resolutions, if the secretary should deem it wise to eliminate their names, might feel injured; and Mr. Meek might invite serious trouble and cause local disturbances by editing the proceedings too thoroughly. I do not believe he appreciates that fact even with all his experience. I think it is well to continue printing the proceedings just as has been done, and if necessary, owing to the increase in the expense, charge the members for the extra expense. They will appreciate the report all the more and will be more careful in the preservation of the BULLETIN containing the report. I certainly save mine.

Mr. H. E. Moody, Philadelphia—The membership is entitled to know what is done at these conventions and who are responsible. The secretary no doubt can use very accurate discretion in eliminating certain things; but at the same time he might eliminate just one thing that would be of particular interest to one section and would, nevertheless, not appeal to the secretary. I feel we ought to have an accurate, detailed report published to go to the entire membership after the convention.

Secretary Meek—I would not undertake the task of eliminating anything. The resolution is presented because I thought it was a proper subject to bring before you. I do not care to undertake the editing, because I know I might bring wrath down upon me, for I have been through that experience already. But as a matter of business for the Association I want an expression of opinion as to whether we should continue to print our report the same in the future as in the past.

Mr. W. C. Kennedy, Los Angeles—I think it would be well to have the secretary give us substantially a complete report. I hope he will publish all of my remarks, but he can cut down the other fellow's; (laughter) and, gentlemen, substantially the complete report will fill the bill.

President McAdow—I ruled Mr. Kentnor's amendment to Mr. Ritz's amendment out of order, because it seems as though we were trying to amend and reject at the same time, and the two amendments are inconsistent.

Mr. Ritz's motion was then put and carried almost unanimously.

Mr. Ritz—At this time I would like to state to the delegates that it is about luncheon time, and therefore I make a motion that we now take a recess until 9.30 o'clock to-morrow morning.

Mr. George W. Oatley, Utica—I would suggest to the incoming Business Literature Committee that if it be possible the reports presented to the next convention be published so that we can get them three months prior to the end of the year. It would be of great assistance to us if we could.

Mr. Arthur Parsons, Salt Lake City—Inasmuch as the convention has voted to eliminate Resolution No. 5, I offer a resolution that the reports of committees to this convention be printed in such numbers that a copy may be furnished for each member of each local association, and that the proceedings of the convention may be condensed and published with the resolutions that are adopted by the convention in the next issue of the BULLETIN. I feel that to place a copy of each of the committee reports in the hands of the members of the Association would be very wise. As for myself, I propose to discuss with the members of our local association a good many of these reports.

I move that a sufficient number of the committee reports be printed to supply each local association with a sufficient number to give one to each local member.

Seconded.

Mr. Stolz—I assume that Mr. Parsons has in mind that if this motion carries, the publication of these reports in this manner would be less expensive than to publish them in the July BULLETIN. Otherwise I can see no advantage in doing that. Our secretary can inform us which will cost less, and if the other method is less expensive there is no object in publishing the reports as suggested.

President McAdow—If this motion should prevail the reports would be published not only in this separate form, but also in the BULLETIN as heretofore, which would be a matter of duplication.

Mr. Parsons—I may have been under a misapprehension. I thought that we were not going to publish the proceedings. If it is going into the BULLETIN, with the consent of the second, I will withdraw my motion.

Motion withdrawn.

Mr. A. C. Ellis, Secretary of the Pittsburgh Association—After several years experience we feel satisfied that the best way to get out a successful local association bulletin is for some one person acting as editor to assume the entire responsibility; if possible that person should be a volunteer worker. While other members of the committee are willing to do work assigned to them, in so small a publication there is not room for the ideas of more than one person as to the controlling policy of the bulletin.

The editor, to be in close touch with the policy and activities of the local association should be a member of the board of directors and in this way be enabled to keep in touch with the special work of each of the committees in order intelligently to comment on work in hand or that is proposed. Some issues are made up almost entirely by the editor with the help of his shears, while others contain items prepared by the chairmen of committees or other workers and signed by them, but reviewed and corrected by the editor.

We have no set date of publication, getting out a bulletin when there is something to say, rather than forcing matters to suit a regular publication day. It has been our policy to omit all "personal" items except in connection with association efforts, even omitting names of workers except in very specific cases. All the workers cannot be mentioned and for fear of offending some through unintentional neglect we have tried to avoid personalities. The bulletin as well as the association should not be used to promote the personal ambition of any set of workers. Make all efforts associational matters.

We find the letter issued by Secretary Meek each month very helpful in keeping in touch with National Association matters. We use many of the items it contains, changing the wording in some instances to make them local instead of National. We take pleasure in thus acknowledging our debt.

We think a local bulletin should be a bulletin of "Facts" rather than theories. The articles should be short and to the point. If addresses or papers are to be printed they should be gotten up separately and not printed in the bulletin. Such policy is better for the article and best for the bulletin.

The local bulletin is a great help to the general work of the association by keeping members informed and to the membership

committee in educating those who are not members. The Pittsburgh association first issued its bulletin when the membership did not exceed 200. The present circulation is 1,000 copies, 12 to 16 pages, at a cost of \$35 to \$45 per issue, including postage.

President McAdow—Mr. Ellis' suggestions will be referred to the incoming Business Literature Committee of the National Association.

At this point President George K. Smith, of the New Orleans association, gave several notices pertaining to the entertainment program arranged by his association.

Secretary Meek—The nominating committee has presented the following list of nominees, from which seven are to be elected, for directors for two years:

Fifteen names are offered as follows:

Herbert E. Choate, Atlanta, Ga.  
George W. Curtis, Fort Worth, Texas.  
Donald M. Douglas, Des Moines, Iowa.  
Newman Essick, Los Angeles, Cal.  
L. B. McCausland, Wichita, Kan.  
H. G. Moore, Kansas City, Mo.  
J. E. O'Neill, Oklahoma City, Okla.  
J. Hunter Orr, Nashville, Tenn.  
A. W. Pickford, Philadelphia, Pa.  
Arthur Parsons, Salt Lake City, Utah.  
F. R. Salisbury, Minneapolis, Minn.  
George K. Smith, New Orleans, La.  
J. W. Spangler, Seattle, Wash.  
J. E. Stilz, Indianapolis, Ind.  
William G. Walker, Boston, Mass.

Thereupon the meeting was declared adjourned until the morning of the next day at 10 o'clock.

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## FOURTH DAY.

Friday, May 20, 1910.

### MORNING SESSION.

The session was called to order at 10 o'clock A. M. by President McAdow, who called upon the Rev. Max Heller, of the Temple Sinai, New Orleans, La., to pronounce the invocation.

President McAdow then called on Secretary Meek for announcements which should be placed before the convention.

Secretary Meek said it was possible to give the total registration as follows:

Delegates in attendance .....	357
Alternates in attendance .....	15
Individual members .....	21
Visiting members .....	155
Ladies .....	218

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Total registration ..... 766



Secretary Meek then read a telegram from Thomas P. Robbins, of Cleveland, Ohio, formerly a vice-president of the Association, announcing that the comet had safely passed Cleveland, and extending congratulations to the members of the Association.

The secretary then presented the following:

"The Philadelphia delegation gratefully thanks the members for the generous recognition which its city has already received at the hands of the Association in representation on the Board of Directors and the official staff, and desires in order that sections which have been less favored may receive proper recognition, to withdraw the name of Albert W. Pickford as a candidate for the office of director."

President McAdow—We have before us, as you realize, a hard day's work. When the program was prepared we thought we would not have much for the Friday forenoon session, but the reports of three committees were unavoidably brought over to this session, and the next order of business will be the report of one of these committees, the Federal Incorporation Law Committee. The report will be read by Mr. H. E. Hackenberg, of Cleveland, the chairman. (Applause.)

#### **Report of the Special Committee on Federal Incorporation Law.**

*To the Officers and Members of the National Association of Credit Men.*

GENTLEMEN:

Complying with the resolution adopted at the annual convention held at Denver, 1908, the president of your Association appointed a Committee on Federal Incorporation Law, which committee made a report at the annual convention held at Philadelphia in June, 1909, when the following resolution was adopted:

"*Resolved*, That a special committee be continued and be asked to include, if possible, in its report to the next convention a statement which will present the reasons which would actuate incorporators to elect to organize under a national law, the exact relations which it is expected such a corporation would sustain to the several states, the existing abuses which will probably be remedied and the classes of business or occupations which ought to be included within the purview of a national incorporation law."

The president of your Association appointed the undersigned a special committee to continue the investigation of this important matter, and in pursuance of the instructions contained in said resolution, your committee begs leave to make the following report:

For a number of years the feeling has been growing among the business men of the country that there should be a uniformity in the laws creating corporations. The diversity of state laws on this subject, which at first was considered by some corporations as an advantage in the prosecution of their varied enterprises, has of late assumed the proportion of a serious menace to the stability of business. Commendable effort has been made by organizations in some of the states to have the legislatures of all the states join in a movement looking toward uniform state incorporation laws. A supporter of this movement is Franklin A. Wagner, of the New York bar, who, in an able address delivered before the Commercial Law League of America, says:

"The only escape from federal regulation, in this decade or the next, will be the getting together of state legislatures on a broad uniform law regulating the status and conduct of all corporations doing business within their borders."

There are those who, while approving of such action as a step in the right direction, maintain that the remedy for the evil would not be thus provided, inasmuch as if the laws of all the states upon this subject *were* uniform, still their application would be diverse, owing to different judicial interpretation. This objection may be considered as well taken, for, owing to our dual system of government, there is a possibility of each state interpreting the same law in a manner contrary to the interpretation of its sister states.

Hence the idea of a National Incorporation Law has gained in support. Attorney General Wickersham states:

"A national law authorizing the formation of corporations to carry on interstate business seems to be the inevitable result of economic conditions."

Questions as to the effect of such a law upon the companies now organized under the laws of the various states, have, therefore, become of vital interest not merely to the producer, but also the consumer, and hence to the nation as affecting its prosperity.

The first question which presents itself is:

#### WHAT IS THE POWER OF CONGRESS?

The Constitution gives Congress the right (Art. I, Sec. 8)—

"To regulate commerce with foreign nations, and among the several states, and with the Indian tribes."

Other powers which are sometimes called to the aid of Congress are, the power to establish post-offices and post-roads, to lay and collect taxes, and in the regulation of banks, to coin money and regulate the value thereof.

Mr. Garfield in his report as Commissioner of Corporations, says:

"It may be considered as established that under these powers Congress may:

1. Create corporations as a means of regulating interstate commerce.
2. Give to such corporations the power to engage in interstate or foreign commerce.
3. Prohibit any other corporations or individuals from engaging in the same.
4. As a condition precedent to the grant of such corporate powers, lay any restrictions it chooses upon the organization, conduct or management of such corporations.
5. Tax interstate commerce at will, and the instrumentalities and corporations engaged therein.
6. Provide regulations for the carrying on of interstate commerce generally——."

Although Mr. Garfield seems to feel that undoubtedly all of these powers are vested in Congress, there are those who claim the question to be a mootable one, and still others who take an opposite view, maintaining that a constitutional amendment is necessary before Congress can be clothed with such authority. Among these latter is E. Parmalee

Prentice of the New York bar, whose work on "The Federal Power Over Carriers and Corporations" is a learned review of decisions upon this subject and a comprehensive study from an historical standpoint,—showing the development of the law, the intent of the framers of the constitution, and the tendency of modern times to interpret the constitution contrary to well established doctrines.

But admitting for the sake of argument that Congress has the undisputed right and authority to do all of these things, a second question is presented:

WHAT RELATION WOULD A CORPORATION CREATED BY CONGRESS SUSTAIN TO THE SEVERAL STATES?

Two factors of grave importance enter at once into an intelligent discussion of this question:

A. Does the power to create a corporation to engage in interstate commerce carry with it the power to produce or manufacture the article which is to become the instrumentality of commerce?

B. How would the property of such a corporation be taxed?

As to the first factor mentioned, there has been a great deal of learned discussion and a wide diversity of opinion. Mr. Garfield maintains that such a grant is well within the power of Congress, and reaches this conclusion, as he says, "By reasoning, from inference and on general principles." There has been no direct judicial decision of this question, and it is, therefore, impossible to determine it conclusively. Without meaning in any way to disparage an opinion based upon such careful study of the subject, the conclusion reached by others from equally conscientious consideration seems to be that Congress has not the power to charter companies with the right to produce or manufacture. However, there seems to be a unanimity of opinion that this is neither an insurmountable or even serious difficulty. It is maintained by some that there is no legal or actual necessity for such power, and that interstate commerce can be effectively controlled without it.

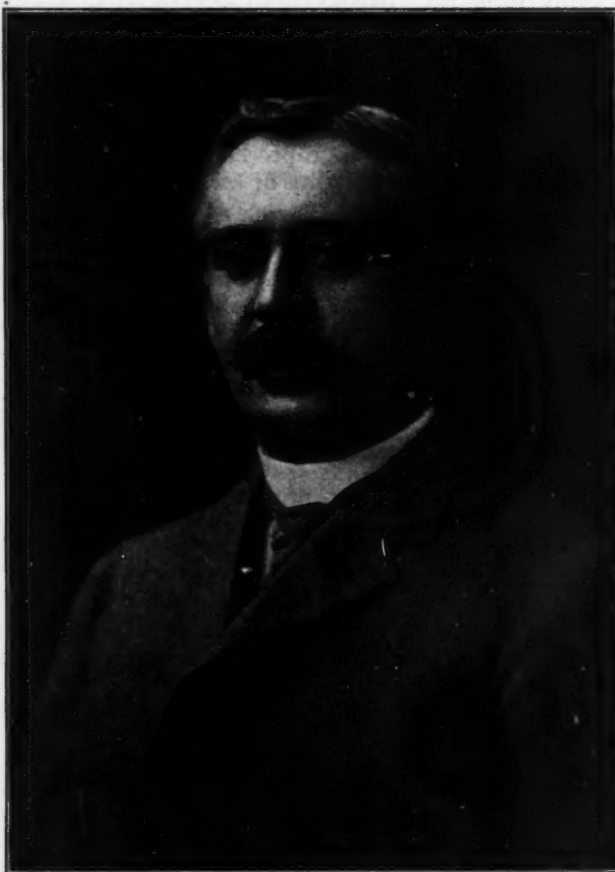
It is not the purpose of this committee to express any opinion upon this question. It is sufficient to admit for the purpose of argument that such power does not exist in Congress and to then proceed with the discussion as to the relation sustained by a federal corporation to the several states, in its absence.

If Congress created a federal corporation, granting to it a charter to engage in interstate commerce, this would, of course, comprehend the right to buy and sell throughout the United States, without regard to state boundaries. Congress could also give such a corporation the *capacity* to produce the article desired to be traded. This, however, does not give the *right* to produce.

Therefore, the privilege of manufacturing and producing the article must emanate from the state in which the corporation desires to locate its plant. It cannot be argued that this would lead to confusion, or to the dual responsibility of regulation now existing. The corporation would be created by national law, would be answerable to the national power for its acts, and subject to national regulation. The province of the state in its affairs would be merely to the extent of the police powers of the state, and in matters of taxation. This brings us to the question of taxation, which removes any doubt that may exist as to the possibility of the states refusing such a corporation the right to manufacture or produce within its boundaries. The greatest argument of those who

maintain that it is not necessary for Congress to grant the right to produce, is that no state would refuse a company the right to erect and operate manufacturing or commercial establishments, when the location of such enterprises within the state is a source of income and revenue to the state.

We are now confronted with the second factor as to how the property of corporations existing under a federal charter and a state license would be taxed. There has been a great deal written upon this subject and a diversity of views expressed. There seems to be, however, a uniformity of opinion upon the following points:



*Chairman, Special Committee on Federal Incorporation Law*

H. E. HACKENBERG

National Carbon Company, Cleveland, O.

1. *The bonds and stocks of a federal corporation should be exempt from taxation.*

The benefit of this is apparent at once. Under the present system the range of assessment is extremely wide. The lesser degree of assessment is simply a valuation of the corporeal property of the company, while the higher degree of assessment involves the combined value of the stocks and bonds. Senator Newlands says;



"In addition to this the stocks and bonds themselves in the hands of stockholders can be assessed in most of the states, and thus we have a double system of taxation."

Besides doing away with this dual taxation, the market for the stocks and bonds of such a company would be greatly enlarged and the organization of new enterprises or the financing of old would be correspondingly facilitated.

2. *The state to tax corporeal property of the company.*

Upon this phase of the question Senator Newlands in discussing national incorporation of railroads, says:

"— The actual property and equipment of such corporations should be assessed by the states in which they are located at such percentage of value as is customary and general, and should be taxed at the same rate as other property —."

The state might have a right to levy a license fee for the right to *manufacture and produce* within the state, but if such a fee should become burdensome, the question of its levy, being an interference with the ultimate purpose for which the corporation was organized, could be referred to the federal authorities. The right of a state to levy such a license fee has been severely questioned, but students of the subject are of the opinion that at no time would the levy of the fee become a menace. To those companies having property in various states, the limiting of state taxation to the physical property of the company would be a distinct advantage. Professor Wilgus says upon this subject:

"— no greater, more vexatious, or more unjust burden can be placed upon the interstate business of the country than is put upon it by the state laws taxing foreign corporations, and it seems to be legally possible for each state, in the form of a license fee, to tax such corporations upon the face value of their whole capital stock."

3. *The federal government to tax the federal corporate franchise.*

This, of course, is the means reserved by the government for the regulation of the corporation after its organization. Through this power the federal government can force any corporation organized under its laws to confine itself to the purposes of its organization. And since the power to tax involves the power to destroy, the federal government can compel the obedience of the law. However, this can hardly be considered as an objection. The benefit to be derived far exceeds any possible objection, in that whereas now corporations are taxed on their franchises by forty-six different states, each having dissimilar laws peculiar to themselves, under a national incorporation each would be taxed but once, and would thereby enjoy a far greater freedom of operation than is possible at present.

The object of the foregoing discussion has been to attempt to show the status of a corporation organized under a National Incorporation Law as regards its relation to the various states, to the federal government, and to its stockholders and creditors. There are, however, other questions of a practical nature which would arise either upon the formation of a new corporation or the re-incorporation of an existing company under a national law. For the purpose of this report but two of these questions are considered, and these are commented upon but briefly.

1. *What reasons would actuate incorporators to elect to organize under a national law?*

The greatest of these reasons has already been mentioned, to wit: Exemption of stocks and bonds from taxation. As heretofore shown, this would not only be an enormous assistance to those endeavoring to finance a new enterprise, but would insure a stability of assessment when such enterprise was actually founded. A company could always figure almost with certainty as to the probable amount of its taxes, and would forever be free from the double system of taxation now existing which is a constant menace to the financial strength of the company itself, and the source of diminishing the net revenue of the stockholders. The reorganization of the method of taxation can hardly be considered as a less important reason for national incorporation than the one already discussed. This contemplates the taxation of the physical property of the company alone by the state within which it is located. The organization of a company under the national law would mean that no state would have the power to tax that company out of existence. For, whereas, now each state in which a company operates may tax it on its franchise to do business even up to the full amount of its capital stock, under the national law all such taxes would be abolished, or practically so.

Again the emancipation of a company from the sole control of state authorities would deliver it from raids directed against it for political purposes. All questions in which the public could in any manner be considered as interested would be submitted to a commission acting for all national corporations, in the same manner as the Interstate Commerce Commission acts for carriers. This would insure the safety of large investments in a business operated in more than one state, as any interference by a state, outside of its acknowledged police powers, would be an infringement upon the control exercised by the federal government, assumed by it upon the issuance of the charter to the corporation.

2. *Existing abuses which would probably be remedied.*

The abuses of double taxation and separate state taxation of securities have already been discussed. Further, the confusion occasioned by the dissimilarity of state incorporation laws, which, to quote Mr. Garfield, "— is such that in operation it amounts to anarchy," would be done away with. As to the evils which at present surround the operation of corporations, it is felt that the following would be cured:

1. Dishonesty in promotion.
2. Over-capitalization.
3. Unfair competition.
4. Misleading financial statements.

All of these evils have been attributed to the diversity of the existing laws creating and regulating corporations. Professor Wilgus in commenting upon this, says:

"— *Prima facie* it seems impossible to deny that, for business that has become national in fact, it is better for the business itself, for its management, for its control, for the investor, for the creditor, and for the public generally, to make these subject to simple, uniform, adequate, efficient, direct national regulation, than to leave them even partially to the 'diversity that amounts to anarchy.' This is so manifest that unless some other equally, or sufficiently effective plan can be devised, or unless there is some overwhelming weight of reason or policy against it, it should be adopted."

Although it was admitted for the sake of argument, at the beginning of this report, that Congress had power to create corporations for the purpose of regulating interstate commerce, still since none of the various questions presented in the discussion of national incorporation are of such great interest, a brief discussion of this subject may be profitable.

#### CREATION OF CORPORATIONS AS A MEANS OF REGULATION.

Since the passage of the Corporation Tax Law the question has arisen collaterally as to the power of Congress to create corporations.

Mr. Pierson, of the New York bar, in an article appearing in *The Outlook* of recent date (November 20, 1909) says:

"The Constitution nowhere expressly confers upon Congress the right to grant corporate charters, and it is well settled that this right exists only in the limited class of cases where the granting of charters becomes incidental to some power expressly conferred on Congress, *e. g.*, the power to establish a uniform currency, or the power to regulate interstate commerce."

It may be profitable to review the authorities upon this question, with the sole view of ascertaining whether Congress has power to create national corporations, dealing in interstate commerce, and without reference to the various questions, constitutional and otherwise, now under discussion regarding this particular law.

Mr. Justice Bradley in the case of *Stockton vs. R. R. Co.*, 32 Fed. Rep., 9, at 17, says:

"We think that the power of Congress is supreme over the whole subject (interstate and foreign commerce) unimpeded and unembarrassed by state lines or state laws; that, in this matter, the country is one, and the work to be accomplished is national; and that state interests, state jealousies, and state prejudices do not require to be consulted. In matters of foreign or interstate commerce there are no states."

Mr. Justice Gray in his opinion in the case of *Tuxton vs. North River Bridge Co.*, 153 U. S., 525 to 529, says:

"The Congress of the United States, being empowered by the Constitution to regulate commerce among the several states, and to pass all laws necessary or proper for carrying into execution any of the powers specifically conferred, they make use of any appropriate means for this end. As said by Chief Justice Marshall, 'The power of creating a corporation, though appertaining to sovereignty, is not, like the power of making war, or levying taxes, or of regulating commerce, a great substantive and independent power, which cannot be implied as incidental to other powers, or used as a means of executing them. It is never the end for which the other powers are exercised, but a means by which other objects are accomplished.' Congress, therefore, may create corporations as appropriate means of executing the powers of government, as, for instance, a bank for the purpose of carrying on the fiscal operations of the United States, or a railroad corporation for the purpose of promoting commerce among the states."

Justice Gray cites in support of his opinion the following cases:

McCullough vs. Maryland, 4 Wheat, 316-411-422.  
Osborn vs. Bank of U. S., 9 Wheat, 738-861-873.  
Pacific Railroad Removal Cases, 115 U. S., 1-18.  
California vs. Pacific Railroad, 127 U. S., 1-39.

From this brief review, it is apparent that Congress has the right to create corporations as a means of regulating commerce. Whether this regulation extends to the compulsory national incorporation of manufacturing or industrial companies, and the exclusion of all except companies so incorporated, depends largely upon the interpretation given to the word "regulate."

Senator Newlands has discussed the meaning of the word "regulate" briefly as follows:

"The word 'regulate' in the Constitution has been given no narrow construction. The term 'to regulate' does not mean simply to prescribe the rule. It has been held to sanction legislation absolutely prohibiting interstate commerce, as in the case of the lotteries. It has been held to apply to legislation facilitating or promoting interstate or foreign commerce. Under this power, among others, the Northern Pacific and other railroads were incorporated; under this power, among others, the Panama Canal is being built to-day, involving not only the construction of the canal, but the ownership and operation of a railroad and the conduct of the business of a common carrier."

Space does not permit, nor is it the purpose of this report to make, an extended review of authorities which define or attempt to define the meaning of "regulate." Those opinions which take a comprehensive view of the subject are here quoted, and but briefly:

"'Regulate' as used in the clause of the Federal Constitution, giving Congress the power to regulate commerce, means the power to regulate commerce which, prior to the formation of the Constitution, existed in the several states."

Gibbons vs. Ogden, 22 U. S., 1-227.

"'Commerce,' as used in *Constitution U. S., Art. I, Sec. 8*, declaring that Congress shall have power to regulate commerce with foreign nations, among the several states, and with the Indian tribes, means that whenever the subjects over which a power to regulate commerce is asserted are in their nature national, or admit of one uniform system or plan of regulation, they may justly be said to be of such a nature as to require exclusive legislation by Congress; and hence any regulation by a state which operates to cause delay and to impose expense, or to interpose an obstacle to the free transportation of commerce among the states, is a regulation of commerce within the meaning of the Constitution."

*Council Bluff vs. K. C. St. J. & C. B. R. Co.*, 24 Amer Rep., 773.

"The 'power to regulate commerce' which was given to Congress by the Federal Constitution, was defined by Chief Justice Marshall in *Gibbons vs. Ogden*, as the power to regu-



late, that is, to prescribe the rule by which commerce is to be governed."

*K. & I. Bridge Co. vs. L. & N. R. Co.*, 37 Fed., 567-634.

"The term 'regulate commerce,' as it is used in the clause of the Federal Constitution authorizing Congress to regulate commerce, means to prescribe rules by which it shall be governed, that is, the conditions upon which it shall be conducted; to determine how far it shall be free and untrammelled, how far it shall be burdened by duties and imposts, and how far it shall be prohibited."

*Welton vs Missouri*, 91 U. S., 275-279.

"The power vested in Congress to regulate commerce with foreign nations and among the several states and with the Indian tribes, is a power to prescribe the rule by which that commerce is to be governed, and is a power complete in itself, acknowledging no limitation other than those prescribed in the Constitution. It is co-extensive with the subject on which it acts, and cannot be stopped at the external boundary of a state, but must enter its interior and must be capable of authorizing the disposition of those articles which it introduces, so that they may become mingled with the common mass of property within the territory entered."

*Leisy vs. Hardin*, 135 U. S., 100.

The supporters of the theory that the word "regulate" and term "to regulate" properly interpreted, are broad enough to empower Congress to create national corporations and compel all companies engaged in interstate commerce to so incorporate, base their argument on the fact that Congress has the power to create corporations as a means of regulation. Those who oppose the plan agree that Congress has the power to create corporations for this purpose, or, in fact, for any purpose, so long as such creation is merely a means to the accomplishment of an end, the attainment of which is specifically imposed upon Congress. But they deny that the meaning of "regulate" as it appears in the Constitution, is broad enough to permit Congress to enact legislation, which in operation gives a power not conferred by the Constitution, under the guise of being an enabling act to further a power actually conferred.

It would be useless to attempt to determine the exact limits of the power of Congress in this respect. Whether or not such power exists will be thoroughly tested before any legislation based upon a broad interpretation of the grant is declared constitutional. The question presented, however, is not merely interesting from a legal standpoint, but presents certain economic questions as well, and these questions are of such interest that their brief discussion may be permitted.

Laying aside the legal question, as above presented, we may admit for the sake of discussion that Congress has the power to create corporations as a means of regulation, and to compel all concerns engaged in interstate commerce to incorporate under a national law. If such a law were to be effective, it must be admitted that all companies so engaged should be incorporated nationally. The business in which they are engaged is national in character, and is conducted without regard to state lines or boundaries. In fact, the incorporation

of a company under the laws of a state, it thereby becoming a citizen of that state, but engaging in business throughout all the states, does not *actually* limit the citizenship of that company, although the *law* declares that the state of its incorporation is its domicile.

But the question has been asked:

#### WHAT CORPORATIONS WOULD BE INCLUDED WITHIN THE PURVIEW OF A NATIONAL INCORPORATION LAW?

The answer is most simple, but its application is most complicated. All corporations engaged in interstate business should be incorporated under the national law. It is only thus that the law will be effective, and if such a law is enacted it is better for all classes of business that its effectiveness be in no wise hampered or impaired.

However, we are now confronted with the greatest problem of all. What is interstate commerce as applied to industrial or manufacturing companies? What specific acts constitute acts of interstate commerce?

It has been said that no law should be passed which in any way attempts to define interstate commerce, but this section of the new law should be left as broad as possible, and each specific question should be determined judicially. This is the view of Mr. Garfield as expressed in his report as Commissioner of Corporations. All authorities seem to be unanimous in the opinion that any attempt to specifically define the various acts which would or would not be included as acts of interstate commerce, would be of no effect as the broadest language employed would, in a multitude of instances, prove to place too narrow a restriction.

The purpose of this report has not been to answer the questions herein presented, but merely to present them in such form that those who are concerned in their answering may study them and come to their own conclusions. That such a law will eventually be enacted there can be no doubt. If present conditions continue, it will become absolutely imperative for existing corporations to call for the protection of the federal government. The unjust systems of taxation now existing, the political raids which are now so popular, the manifest injustices of the present system to the corporation, its stockholders, creditors and employees, all call for measures of reform. But the corporations, since they are most vitally interested, should see that these reforms are put in such shape that their effect will be lasting and not sporadic. To accomplish this, it is necessary that every corporation obtain a thorough understanding of the purpose and intent of proposed legislation and that no movement built on popular excitement, rather than on sound reasoning, be supported.

The special committee on Federal Incorporation Law reported at the Philadelphia convention last year on the five bills which were introduced into Congress, namely:

H. R. 6168

H. R. 9124

H. R. 16282

S. 1479

S. 4872

It is believed that none of these bills will be reported out of the committees to which they were referred and come up for passage, especially as there was introduced into Congress in February of this year, a bill

which will doubtless take the place of all previous bills relating to a Federal Incorporation Law. This bill was drawn by Attorney General Wickersham in pursuance of the recommendations made in President Taft's message to the 61st Congress, Second Session. The bill is known as H. R. 20142, and was introduced in the House of Representatives by Mr. Parker on February 7, 1910, and on the same day Mr. Clark of Wyoming introduced into the United States Senate the same bill, known as S. 6168. The bill was referred to the Committee on the Judiciary, and ordered to be printed.

This bill touches upon practically every phase of the national incorporation question, and presents many points which will undoubtedly be the subject of controversy from a legal standpoint. We, therefore, in the criticism of the bill merely point these out and do not attempt to venture an opinion as to what judicial determination may be placed upon them.

In the first place, Section 1 provides that national corporations *may* be formed. It has been maintained by authority on this question that in order to make a national incorporation law effective from either the standpoint of commerce or control by the government such incorporation should be compulsory. If the act, however, in other respects presents such advantages to corporations that they would be induced to incorporate under the act, this objection, of course, would not be as important a one.

In Section 2 the minimum amount for which a company shall be incorporated is \$100,000, and the amount with which it is to commence business shall not be less than \$10,000.

If it is the intent of the bill to require that the full amount of capital stock shall be paid in within a reasonable length of time, we think the minimum amount for which a company shall be incorporated is unnecessarily high, but if the company under this bill need not pay in more than \$10,000, the amount at which it shall commence business, and thereafter no faster than capital is required, even though no more than \$10,000 should finally be paid in, we see no objections to the minimum amount for which a company shall be incorporated being fixed at \$100,000.

In the same section the period limited for the duration of the company is fifty years, and no positive provision is made for the renewal of the charter.

We think that a clause specifically providing for the renewal of the charter should be inserted.

Section 3 is in regard to detail in filing, etc.

Section 4 provides for a bureau of corporations in which the name of a corporation existing under a state law may be entered upon the payment of a fee, which will protect such a corporation from the use of its name by other companies organized under the federal law. It seems, however, to us that a federal corporation could not use the name of a corporation established and which has been engaged in interstate commerce, although incorporated under the laws of a state, and that the use of such name might subject the national corporation to proceedings in injunction.

Section 5 gives various powers to corporations incorporated under the national law. On page 8 the right is given "To produce or manufacture in any state, territory or district any of the articles or commodities which are the subject of interstate or foreign commerce carried on or proposed to be carried on by it."

Although some might interpret this clause to mean that Congress

merely gives the corporation the *authority* to so manufacture its product, still upon reading the act as a whole, it would appear that this was given not as a mere *authority* but as an absolute *right*, and that the state in which the corporation may locate its plant cannot tax the corporation for this *right* to manufacture. This will undoubtedly be the subject of criticism and litigation. Those believing that such power exists in Congress base their opinion upon the fact that Congress has the right to regulate interstate or foreign commerce. It appears rather far-fetched to suppose that under this clause Congress has the power to provide that a corporation organized by it can settle in any state and manufacture its commodity without regard to what the state may provide as to license fees, etc.

Section 6 provides for the amendment of the articles of association.

Section 7 provides for cumulative voting.

Section 8 in the first part provides that no corporation organized under the act shall acquire or hold the stock of any other corporation and that any transfer of such stock contrary to this provision shall be null and void.

Inasmuch as occasion often arises whereby a corporation takes stock in another corporation for the purpose of securing or protecting a debt, we believe this portion of section 8 should be amended so as to provide for such contingency.

Section 9 provides as to the directors.

Section 10 provides for the dissolution by incorporators.

Section 11 provides as to the kinds of stock, etc.

Section 12 provides that the corporation shall keep a stock book "which stock book shall at all times during the usual hours of business be open for the inspection of its stockholders, judgment creditors and any officer authorized by law to investigate the affairs of such corporation." Penalty is also provided for the refusal to allow inspection and jurisdiction conferred upon the United States District Court and to enforce the right of inspection.

We think that it is entirely proper that the law should give this right of inspection to the stockholders, but the motive by which the examining stockholder is actuated should be examined into before he is allowed to proceed with the examination. Under the bill as it stands there might be various interpretations regarding such an inquiry. We, therefore, believe that the law should specifically state that the stockholders before examination shall show that their motives are for what they consider the best interests of the corporation itself and its stockholders.

Section 13 refers to transfer of stock. The last paragraph of this section provides that the shares of stock of such corporation shall be personal property.

This means that the holder of stock in a corporation would be obliged to return such stock for taxation to those states requiring the return of stocks for taxation. We think this is wrong and further criticism is made in commenting upon Section 37.

Section 14 provides for the subscription to the capital stock, etc.

Section 15 provides as to meetings of the corporation and notice.

Section 16 refers to assessments upon unpaid stock subscriptions, transfer of stock and the collection of subscriptions.

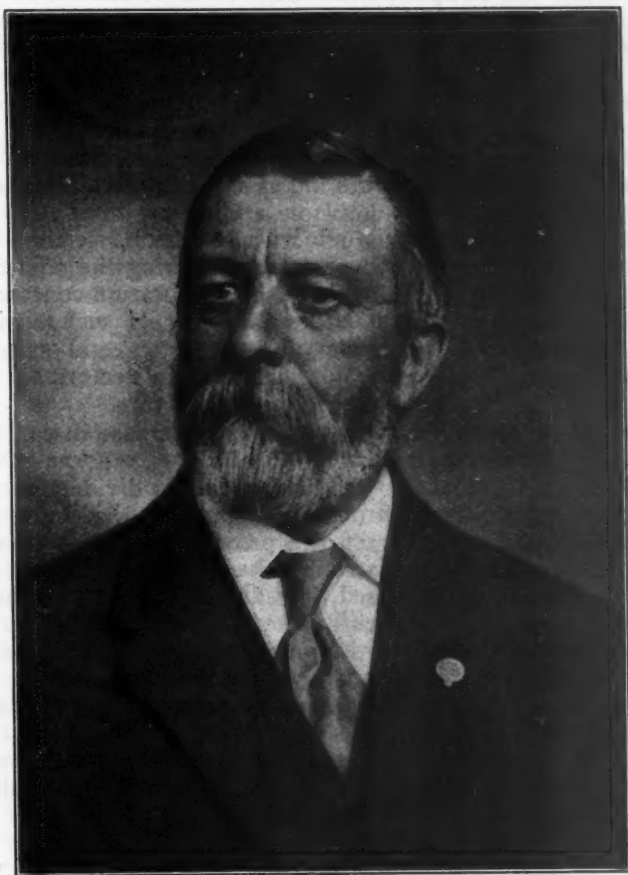
Section 17 provides that the corporation may purchase property by the issuance of stock and specifically provides the statements which shall be forwarded to the bureau of corporations regarding the purchase.



Sub-section F under section 17 provides that an appraisal of the value of the property to be purchased shall be made by two disinterested appraisers approved in writing by the commissioner of corporations. The commissioner also has the discretion of appointing further appraisers.

It seems to us that some simpler method should be devised to accomplish this purpose.

The remainder of section 17 goes into detail regarding reorganization and reincorporation of existing corporations and the various pa-



*Director*

ARTHUR PARSONS

Z. C. M. I., Salt Lake City, Utah

pers which must be filed with the bureau of corporations. The section gives large powers to the commissioner of corporations and seems to go into unnecessary detail regarding various things which must be done by the corporation before it can act along the above line.

In the latter part of section 17 it is provided that in case any statement required by this section shall be false in any material respect, the directors shall be jointly and severally liable to all subscribers and to the holders and purchasers of such stock as well as to such persons to

whom the corporations may thereafter become indebted for damage, etc.

If after a full and complete investigation it should be shown that the directors acted in good faith and that the statement was false through a mistake, which was discovered after making the report, the penalty to the directors should not be quite so severe.

Section 18 provides that the corporation shall make a report every six months, setting forth the receipts of its business and that the commissioner of corporations has power to call for special reports in order to secure a full and complete knowledge of its condition, and that before any dividends are declared reports shall be made showing the amount of net earnings on hand at the time of declaring the dividends.

It is our opinion that some provision should be made for keeping secret these reports and they should not be treated as public records while in the hands or under the custody of the commissioner.

Section 19 provides for extra reports upon the payment of every installment of capital stock or the increase thereof, which reports shall be filed within thirty days.

While we believe that this is a wise provision, we think that the penalty for the failure to file these reports, making the officers jointly and severally liable for all the debts of the corporation contracted after the date of such payment and before the filing of such certificates,—is entirely too drastic and unnecessary.

Section 20 provides for the qualification of directors.

Section 21 provides for the election of directors.

Section 22 provides for the increase and decrease in capital stock, which section goes into detail as to the manner of reports, etc.

Section 23 is in regard to the declaration of dividends which are payable from surplus or net profits, and provides that in case of any willful or negligent violation of the provisions of this section, the directors under whose administration the same may have happened, except those who may have caused their dissent therefrom to be entered at large upon the minutes of such directors at the time, or who not then being present shall have caused their dissent therefrom to be so entered upon learning of such action, shall jointly and severally be liable at any time within six years after paying such dividend to the creditors of such corporation, etc.

We think that this also is too drastic and should be modified, reducing the time for which the directors would be personally liable under the circumstances stated to two or three years.

Section 24-a provides that the corporation may borrow money, contract debts, issue obligations, mortgage its property and provides the manner in which action may be taken by the corporation. Sub-section-b of the same section provides for the converting of the principal of the mortgage into capital stock of the company and proceeds in detail to show what action the company shall take. Sub-section-c is with regard to the effect of the mortgage and its recording. Sub-section-d gives the company power to guarantee the bonds and the payment of dividends of any other corporation engaged in the same general line of business.

Section 25 provides that the holders of every share of capital stock of the par value of \$100, etc., shall be given the right to vote.

It will appear from this that no stock can be issued which is less than the par value of \$100.

Section 26 refers to the inspectors of election.

Section 27 provides for the stockholders being liable for their unpaid subscriptions to stock, and further provides that "The stockholders of every corporation formed hereunder shall jointly and severally be personally liable for all debts due and owing to any of its laborers, servants, and employees other than directors for services performed by them for such corporation."

This we believe, is drastic and unnecessary, inasmuch as so many safeguards are thrown around the laborer by virtue of an inspection by the commissioner of corporations, and that if the commissioner keeps in touch with the reports which are required he can easily determine whether the corporation is in position to continue its business, and if it is not, provision is made for the taking care of liabilities of the corporation.

Section 28 provides that every civil suit in which the amount in controversy is more than \$2,000, shall be brought against the corporation in the United States Court.

Section 29 provides that a corporation may go into liquidation and be dissolved by a vote of its stockholders owning two-thirds of its stock. It further provides that public notice shall be given of such dissolution for two months by publication.

It appears to us that this is too long a time, and should be reduced to thirty days or less, inasmuch as they might be able to conduct the dissolution advantageously to the stockholders if it were not necessary to wait for the two months to expire before the corporation could be closed out.

Section 30 provides that a corporation may sell and transfer all of its property and also provides as to the manner in which the sale shall be conducted.

Section 31 provides that whenever a corporation shall have failed to pay off its written obligations when payable or an execution is returned unsatisfied the commissioner of corporations may appoint a special agent who shall proceed to ascertain whether the corporation is in such an unsound financial condition as to make it inexpedient that it shall continue in business. The commissioner may act upon this report and forthwith appoint a receiver.

It appears to us the corporation should be given the right to be heard before the commissioner of corporations on the report of the agent, to produce proof before the commissioner, before the appointment of a receiver. The right to be heard is given after the receiver is appointed for the purpose of lifting the receivership.

Section 32 provides for the payment of dividends by the commissioner after the receiver has been appointed.

Section 33 provides as mentioned above for a hearing after the appointment of the receiver to lift the receivership.

Section 34 exempts the corporation from visitatorial powers other than those granted by the act.

Section 35 prohibits other corporations from using the words "national corporation" and also provides that corporations formed under this act may be adjudged bankrupt subject to the provisions of the National Bankruptcy Law.

Section 36 provides that a charter of every corporation shall be subject to alterations, suspension and repeal in the discretion of Congress, and that Congress may at pleasure dissolve any such corporation.

It would seem just that before any such action be taken by Congress that the corporation should be notified and given an opportunity to be heard.

The remainder of section 36 provides that the charter of a corporation shall be forfeited for any violation of the Sherman Anti-Trust Act, or for entering into any conspiracy or combination in restraint of trade or commerce.

Section 37 is most important, and we desire to call particular attention to same.

It provides that the real and personal property of the corporation shall be subject to taxation for state, county and municipal purposes in the state, territory or district where the same is located. To this there could be no objection raised.

The section provides further, however, that the shares of the corporation shall be taxed as personal property of the owner or holder thereof, under the laws of the state in which such holder resides.

The one point which has been most in favor of national incorporation has been that the stocks and bonds should be exempt after the payment of the original franchise fee to the United States. The provision in this section leaves the matter in practically the same condition as it is under the state laws, with the exception that there is but one franchise tax. This is still the double taxation which is complained of and which has been the source of so much complaint against incorporation under state laws, and we recommend that this feature be remedied.

Section 37 further provides that no tax shall be imposed under state authority upon the franchise or privileges granted by the act to any corporation organized under it. This, taken in connection with the latter part of Section 5 above referred to, seems to prohibit the state from collecting any franchise tax upon the privilege granted the corporation of manufacturing the article which is to be the instrumentality of interstate commerce within its borders.

Section 38 provides for the payment of fees.

One of the principal objections to this bill is that it clothes the commissioner of corporations, who would be a subordinate official in the Department of Commerce and Labor, with too much power. The present commissioner is Mr. Herbert Knox Smith, who is a man of great ability and conscientious motives. No unnecessary apprehension would need be felt so long as he or a man of his character is in charge of that office, but if a reckless or unscrupulous man should at any time be appointed to said office, the far-reaching harm he would be able to do can hardly be estimated. We would suggest, therefore, that the law be changed to provide for a commission, of say three men, to have charge of the corporations under this act, in place of the one commissioner.

The theory upon which the best thinkers have proceeded has been set forth in numerous articles in magazines and the daily papers and is based primarily upon the exemption from taxation of the stocks and bonds of the corporation, making compulsory the national incorporation of all companies engaged in interstate commerce and restrictions placed upon the operation of the national corporation by the federal government. The only part of this theory which seems to have been incorporated in the act is the last mentioned, namely: restrictions.

It is our opinion that if the act is passed substantially as drawn, large interests would not care to incorporate under it, inasmuch as the privileges given are not commensurate with the restrictions imposed.



We advise the continuation of a special committee on Federal Incorporation Law, and, therefore, offer the following resolutions:

I

*"Resolved, That a special committee on Federal Incorporation Law be continued with a view to following carefully all bills regarding federal incorporation which may be introduced into Congress, and, when it is apparent that such a law is likely to be passed, use all legitimate efforts to have it so framed as to be fair and equitable to the incorporators, and stockholders, protect the interests of creditors, provide against dishonesty in promotion, over-capitalization, and misleading financial statements."*

II

*"Resolved, That this Association re-affirms its endorsement of the action of the Commissioners on Uniform State Laws in undertaking to draft a model state incorporation law, and we pledge to the commissioners our most earnest efforts, both in the work of preparing such law and in securing its adoption in the various states."*

Respectfully submitted,

C. T. MCKINSTRY,  
LYMAN A. REED,  
J. J. WEMPLE,  
F. J. WOODWORTH,  
H. E. HACKENBERG, *Chairman.*

Mr. Hackenberg—I move the adoption of the report and the first resolution as read.

Seconded.

President McAdow—Before putting the question, if you will permit the chair to be a little informal, I feel like saying that if I were Mr. Hackenberg I would submit this report as a thesis to one of the Ohio universities as a candidate for the degree of Doctor of Laws. (Great applause.)

Unanimously carried.

Motion made, seconded and unanimously carried adopting the second resolution.

The next order of business is the report of Committee on Canadian Matters. In the unavoidable absence of Mr. W. L. Fox, the chairman, the report will be presented by Mr. H. R. Bridgman, Buffalo. (Great applause.)

### Report of the Special Committee on Investigation of the Canadian Situation.

A resolution passed at the last convention held at Philadelphia called for the appointment of a committee to investigate the feasibility and practicability of encouraging the formation of a Canadian Association of Credit Men and seeking affiliation with such organization as might be formed.

Your committee has taken the matter up with various commercial houses and bodies of the Dominion and finds a considerable sentiment in favor of the Canadian organization. In fact a local association has been formed in the Winnipeg District, with a membership of forty-five. The expectation is that it will reach seventy within a few weeks.

From Toronto the information which comes is that such an association would be welcome, but there seems to be no one among those interviewed who would be willing to undertake the formation of an association. The same is true of Montreal.

After canvassing the situation carefully your committee suggests that a new committee be appointed to continue the investigation, and it seems wise for us to recommend that this committee should consist of members from Buffalo, Detroit, Minneapolis, St. Paul and Seattle.

We believe from our investigation that about the only thing our Association could hope to do in this matter would be to encourage the movement through a committee and perhaps arrange, whenever it is desired by our Canadian friends, to have representatives of the National Association address gatherings for the purpose of explaining the workings of our organization and of encouraging the work of establishing similar organizations in Canada.

Respectfully submitted,

H. R. BRIDGMAN,  
F. E. DRULLARD,  
W. M. EDWARDS,  
L. M. SHERWOOD,  
WILLIAM L. FOX, *Chairman.*

President McAdow—The report is before you. It contains in the main the suggestion that a Committee on Canadian Extension be continued as a special committee and that the incoming administration appoint thereon representatives from Buffalo, Detroit, Minneapolis, St. Paul and Seattle, being cities near to the Canadian border.

On motion of Mr. J. H. Kentnor, of St. Louis, duly seconded, the report of the committee was adopted by unanimous vote.

President McAdow—The report is adopted. We next will hear the report of the committee whose duty it was to determine the winners in the literary contest. This committee was created by the Board of Directors at its fall meeting. It consists of Mr. I. D. Kingsbury, of Rochester, of the Credit Department Methods Committee, Mr. J. Edward Stilz, of Indianapolis, of the Business Literature Committee, and Secretary Meek.

Mr. I. D. Kingsbury, as chairman, will present the report of the committee. (Great applause.)

Mr. Kingsbury—I hope some of you gentlemen who are cheering so hard will not be disappointed. At the annual meeting of the Board of Directors an appropriation of \$250 was placed in the hands of the chairman of the committee as stated by the president, for the purpose of being distributed as prizes for the best articles on subjects to be decided upon by the committee.

There were three classes formed:

Class 1 for the best articles on "Opening an Account by the Credit Department;" prizes, \$50, \$30 and \$20.

Class 2 for the best articles on "Collections and How to Handle Them;" prizes for the same amounts as Class 1.

Class 3 for the best articles on the "Operation of the Credit Department in a Bank." Prizes \$30 to \$20.

The committee was very much gratified at the response to the notices they sent out with reference to this contest and the large number of papers that were received showed that the matter had

been given very careful consideration. The committee found it an extremely difficult matter to decide finally upon the prize winners.

They would have liked to have awarded prizes to everybody that sent in communications for all showed conscientious thought and real enthusiasm for the subject in hand.

So few of the bankers responded with papers on the subject especially assigned them that the committee decided to recommend that the awarding of prizes for Class 3 be held open until possibly the 1st of November, as arrangements can be made to give more prominence to this particular class through the banking journals and the Bulletin of the American Institute of Banking.

The articles when submitted were signed with an assumed name, the party filing with the secretary in his office an envelope containing his correct name. The committee, therefore, did not know the writers of the different articles.

The awards are as follows:

#### CLASS 1.

First prize to John Primble.

Second prize to E. S.

Third prize to Theodore Ames.

And your committee feels that honorable mention is due to articles by Seth Nowell and Daniel Webster.

#### CLASS 2.

First prize to the article "A Phœnician."

Second prize to the article by John Adams.

Third prize to the article by Henry Hastings.

With honorable mention to the articles by Daniel Graham and Nea Dewards. (Applause.)

President McAdow—You have heard the report and as a part of the report we will now have the opening of the awards by Secretary Meek.

Secretary Meek—"John Primble" is J. H. Scales, of Louisville. (Great applause.)

"E. S." is Edward Sebastian, of Bradner, Smith & Company, Chicago. (Great applause.)

The third prize "Theodore Ames" is Oscar A. Kleppisch, of Guthman, Carpenter & Telling, Chicago. (Applause.)

Honorable mention—"Seth Nowell" is Leon Joseph, of Wilmerding-Loewe Co., San Francisco.

Honorable mention—"Daniel Webster" is D. W. Pomeroy, of the Rice & Hutchins St. Louis Shoe Co., St. Louis.

Class 2—First prize, "A Phœnician" is L. John Bergmann, of Pass & Seymour, Inc., Syracuse.

Second prize, "John Adams" is John S. McCoy, the Welsbach Co., Philadelphia.

Third prize, "Henry Hastings" is A. R. Markle, Columbus Chain Co., Columbus.

Honorable mention—"Daniel Graham" is D. W. Pomeroy, St. Louis.

Honorable mention—"Nea Dewards" is Leon Joseph, of San Francisco.

Mr. Adolph Landauer, Milwaukee—I move the adoption of the report as presented.

Seconded and unanimously carried.

President McAdow—The report is adopted. Perhaps the chair should make one statement in regard to the report of the Federal Incorporation Committee. It contained a recommendation that that committee be continued, and we will understand that the adoption of the report also adopts that recommendation, and the committee will be continued accordingly.

We have now reached the order of business in our Friday program of "Minute Talks by Minute Men." You all understand by the wording of the program the intent of this order of business. It is to bring out expressions as to the advantages arising from our local associations and the scope of their influence on the community.

Secretary Meek makes the suggestion that we call the roll by cities, and the chair will do so.

President McAdow then called the roll and answers were made as follows:

Mr. Ralph Rosenbaum, Atlanta—In our city there exists what is called the Atlanta spirit, which means the pulling together of our people in every movement that will advance or improve the city, or that will add to her civic, moral or commercial welfare. Our Credit Men's Association is one of the oldest in the South and operates both adjustment and information bureaus, which have proven both profitable and protective.

We have been instrumental in having had passed the bulk sales law and Georgia is one of the first states to pass the bucket shop bill, and we hope to secure remedial legislation on the passing of worthless checks during the session of the legislature to be held this summer.

Our local association is recognized by the press and the public generally as a powerful factor or agency in the uplift of our commercial interests, and the placing of them on a higher and safer plane. Our usefulness is duly recognized and fully appreciated, and our people are always ready to pull together with us in every movement that has the backing of our association.

Mr. William Q. Wales, Boston—The Boston association has to report an increase in membership of about 60 per cent. within the last year and the establishment of a credit interchange bureau since January first, the latter with a membership of sixty-nine. There is now before our legislature receiving our special attention a bill to regulate collection agencies. We have also a good bucket shop law; a trade name law, which requires that individuals doing business under other names than their own, shall publish their own as proprietor; also a false statement law which is entitled, "An Act to Improve the Law of Larceny and False Pretenses." This last named law as it stands at present makes it a crime for any one to obtain money or property by false pretenses. False pretenses include false statements in writing. The proposed bill makes it a crime for a person to obtain by a false statement benefits through money or property. Section 2, with the additions made by Section 1 of the proposed bill, is extended to cases where the guilty person obtains nothing for himself or for some one for whom he is acting, but induces the victim of the fraud to part with money or property.

We think these accomplishments certainly should make it worth while for business men to become members of our local association.

Mr. John J. Dolphin, Buffalo—Our association has worked very hard, having had some difficulties to overcome in membership matters.



We have, however, succeeded in reaching almost the 300 mark, numbering now 285. We are working for 500 members and hope to obtain them at least within a year.

President McAdow—We hope that these talks will bring out some "live-wire" propositions. Whatever you have to say will really come in under the title of "For the Good of the Order."

Mr. S. J. Whitlock, Chicago—The advantages arising from local organizations and in the work of co-operation are so manifold that it



*Director*

L. B. McCAUSLAND

Ross Bros., Wichita, Kan.

would seem impossible to take up any particular features of it in a short talk. The Chicago association this year has devoted a great deal of its energy and time to the building up of the organization in that city, that we may present an undivided front to the legislature at its next session, in support of the passage of a bulk sales law to replace the law which was declared unconstitutional a year ago; and we anticipate that the coming year will give us the full co-operation of the business houses of Chicago to aid us in this effort.

A distinct advantage which has arisen from the close co-operation of our members has shown itself in the decision of Judge Carpenter, of the Federal Court, in refusing to appoint receivers in bankruptcy unless the necessity of it or the necessity for the continuation of the business was absolutely shown to him. Ordinarily his purpose would be to leave a bankruptcy case entirely in the hands of the marshal to take charge of the property.

We therefore think that we have accomplished something which could not have been accomplished except for that co-operation which exists in our association. (Applause.)

Mr. Harry New, Cleveland—I believe that the association in Cleveland has done what all the associations are intended to do, namely, to cement the credit men of its city together as they can in no other way be cemented. Our association has been a factor in the entire business life of Cleveland; it is now the second largest commercial body in that city, only outranked by the Cleveland Chamber of Commerce. To evidence the interest in the association and indicate how the Cleveland association is regarded in its locality, I would say that in the state of Ohio we have now before the legislature a municipal court bill, patterned a good deal after the Chicago court bill. Our association got after that proposition and although the bill was fathered by a special committee selected by the Chamber of Commerce, our association devoted an evening meeting to it, and brought Judge Olson, the Chief Justice of the Municipal Court of Chicago, to Cleveland, (applause) to tell the Credit Men's Association before it went on record on the bill before the Ohio legislature, how the Chicago court is conducted. We invited the entire legal fraternity of Cleveland to this meeting of the judges, and a special committee of the chamber, and after that meeting in view of what Judge Olson told us, although this bill had been reported in committee, the committee in charge of the bill revised it on the strength of what Judge Olson told those assembled at the meeting of the Credit Men's Association. The bill now before the house has already been passed. Many other trade organizations in Cleveland are asking our support in measures that they have pending. Another thing our association has done: It has taught manufacturers and jobbers in Cleveland how to ask for and how to receive trade information. (Applause.)

I want to say that we have no difficulty in securing any public man, whether an ex-governor of the state, mayor or any one else, to address us. It is well known what the Cleveland association stands for. You know through the BULLETIN what the Cleveland association has done in prosecution work. This matter of a prosecution fund is of vital importance to all of us. We have raised our dues from \$10 to \$15 a year and \$5 of this goes into a prosecution fund, and also for the care of the adjustment bureau.

Under the permission granted by the president, I would say to you all that there are two subjects to which you and your local organizations this coming year should give deep thought and attention—the adjustment bureaus and prosecution work. Mr. Jordan sounded the keynote of what it means to have a successful adjustment bureau. It means that the credit men themselves can make or unmake an adjustment bureau. Take that home with you to ponder. (Applause.)

Mr. A. J. Murray, Decatur—Our association, necessarily small on account of the size of our city, has brought about a closer unity of credit men, not alone in our own city, but in all Central Illinois. We are now about to establish an exchange of information bureau, which is receiving the support of the majority of our members.

Mr. M. C. Palmer, Des Moines—Our association was organized a little less than five years ago. As the first organization to be formed in the state we had all the work before us for which our association stands. We immediately set about to establish an adjustment bureau and an investigation and prosecution bureau and to secure the passage of a bulk sales bill. We established our adjustment bureau and have had it in successful operation for several years. We have recently established an investigation and prosecution bureau which extends its influence and labors throughout the entire state of Iowa, being incorporated as a state institution. We have had considerable difficulty in securing the passage of a bulk sales bill. We have already made two unsuccessful attempts, and at this time are preparing for another effort. We have been withholding from further effort until the decision of the case in Michigan had been rendered and we are pleased to learn of the satisfactory decision handed down by the Supreme Court. We are now going to make an earnest effort to secure the passage of that measure at the next session of our legislature. We believe Iowa is a very important business center for many of you living outside of the state, as much so as it is to us within the state, and we earnestly hope we may have the co-operation of this great Association individually and collectively toward securing the passage of that bill.

Mr. W. B. Cross, Duluth—During the past year we have not been idle as to new members, but have dropped out undesirable members, those who never attended meetings and did not take any interest in our work and from whom it was as hard to collect dues as to get a 50 per cent. dividend from a bankrupt estate. We have organized and put into active operation since March 1st an adjustment bureau for the handling of insolvent estates. We have arranged for an exchange of information with the Northwestern Jobbers' Credit Bureau, operated by the Minneapolis and St. Paul associations, which exchange was interrupted for four months because of the inability of the two committees to arrange the matter of compensation. And last, but not least, we had the honor of a very instructive visit from President McAdow at our meeting in April.

Mr. F. J. LaMotte, Baltimore—We now understand that this is an experience meeting.

President McAdow—"For the Good of the Order."

Mr. LaMotte—Maryland has handled a bulk sales law, and has had passed laws touching insolvency in thorough accord with the national law. Our association is running an adjustment bureau very successfully, adjustments have been handled satisfactorily, and a majority of our members have every confidence in the bureau. We have an exchange bureau of information that is very liberally patronized, and as a matter of fact we have about everything our own way in Maryland, as far as the needs of the credit man are concerned. Our exemption laws are fair and reasonable and all that we could expect. Our chairman tells me that the adjustments have not cost over 5 per cent. in any case. (Applause.)

Mr. George W. Curtis, Fort Worth—As I understand the text of these talks, the purpose is to speak on what the associations in their local work have found to do and have done for the good of the community. If that takes off from my minute, mark it off now, because it is going to be brief any way. As I see it and as we feel it, the work of the local association, much more even than the National Association, stands for the expansion of trade reciprocity and the cementing of personal sympathy in trade relations. I believe that the associations are doing more along that line and have done more than any other body of men that this country has ever brought together. I believe it is that principle which makes New York tolerant of Chicago and St. Louis, which makes Fort Worth love Dallas, Houston, El Paso, and all of our towns, which makes the big C-C-C in Ohio join hands across the river with Louisville and the other towns on the other side, and which makes the associations all over this broad country reach out their hands, and from the fullness of our hearts thank the beautiful Crescent City and her body of credit men for the warm welcome and the glorious time they have extended to us.

Mr. V. M. Tuthill, Grand Rapids—The conditions in Grand Rapids are flourishing. We have a membership of 270, representing a gain since the 1st of February of about 20 per cent. We also number in our association Mr. Lee M. Hutchins, known to many of you as a regular attendant upon association meetings for many years, but who cannot be present here to-day by reason of ill health.

Our meetings in Grand Rapids have been full of interest and there have been a great many papers presented from year to year which have proved themselves distinct additions to general association literature. In our March meeting we had a program arranged which dealt with the subject of municipal accounting. We have never had any uniform system of accounting in Grand Rapids and this subject brought out some half a dozen city officials, the chairman of the ways and means committee, the city comptroller, treasurer, etc., and I think as a result of that meeting and some other pressure brought to bear that ultimately Grand Rapids will have a uniform system of municipal accounting developed. We had at our last meeting an exhibition of stereopticon slides and the subject for discussion was the analysis of commercial reports, including the report of the Dun and Bradstreet agencies. Signed reports received by some of the members were thrown on the screen, and some of our membership, among others bankers and manufacturers, discussed these reports, showing the elements of weakness and strength contained in them. And in various other ways we have had subjects presented which have been highly advantageous.

It is quite safe to say that the Credit Men's Association in Grand Rapids is one of the strongest bodies there and I think I am safe also in saying that in the returns which individual members get, in the way of meals to eat, banquets for mind and body, so to speak, the opportunity to drink out of the same flowing bowl, no other association equals ours. (Laughter and applause.)

Mr. C. L. Williamson, Lexington—With your permission I will read for Mr. Mathews, of Louisville, his report, and then add a word for Lexington. Mr. Mathews' report is as follows:

"For the past year the Louisville association has utilized its



income and resources in developing to a point of perfection the interchange of information feature. We consider our cabinet for the exchange of credit information the most important and valuable adjunct of our work and have been most successful recently in securing the co-operation of many prominent and large concerns not heretofore interested. Our success in securing the passage of a bulk sales law and fictitious name law is already a matter of record, therefore our best efforts have been centered in the increased efficiency and enlargement of our interchange cabinet. The visit of President McAdow and Secretary Meek to our association in January, served as an inspiration to our entire membership. A conspicuous feature of this very successful meeting was a discussion of the Federal Corporation Tax Law, by a prominent legal authority. We have mapped out for the ensuing year a program of activity in all phases of the credit man's work.

For the Lexington association let me say that we consider there that the exchange cabinet is the most important part of our work. With all due deference to the adjustment bureau and other departments, the adjustment bureau handles only 1 per cent. of the business while the exchange cabinet has to do with the other 99. And we believe that the importance of the two departments is in that relation. In our exchange cabinet we not only secure the information from the jobbers who sell the customer inquired about but that information is compiled in the office and a copy of that report is sent to each member who made any report or to whom we furnished any information. If the report is not thoroughly satisfactory a memorandum is made of it and at the next meeting of the association the customer in question is discussed and plans laid and counsel taken as to the best method of saving the customer or safeguarding the interests of the creditor. We have found this one of our most helpful features. Incidentally, it encourages members to attend the meetings because they all know they will hear discussed some customer in whom they are interested.

Mr. Warren C. Kennedy, Los Angeles—The good old Pueblo, Queen of the Angels, announces to the world that the new census will show that we are the most rapidly growing large city on the face of the earth. (Great applause.) And we will yield to none as being more progressive than our own Pueblo. The Credit Men's Association of Los Angeles has been a force in the new growth of our city, in a city where commercial bodies have been more successful than perhaps in any other town.

Some of the binding forces and those which have helped us most in our growth have been, first of all, the interchange of credit information, and then a thoroughly up-to-date adjustment bureau. Our adjustment bureau is one of the oldest and one of the most successful. We handle as much business with perhaps two or three exceptions as any of the adjustment bureaus in the country. We have regular meetings every month, and at these meetings we arrange for some of the most talented of our city to give us addresses on subjects which are pertinent to credit men's work. We find the best men are willing to talk to us when properly approached; and if there are any of our members who feel any backwardness about asking for the best there is, go at it rightly and you will find that you can get anybody you want, as a rule.

For our summer meetings we make special preparations; we

usually have an outing for a general good time. Our other principal meeting is at Christmas time and by preparing for these meetings with a little care, knowing what our people want, and calling in outsiders whom we want to have join us, we can, as a rule, get their applications.

Mr. William R. King, Memphis—While the Memphis association cannot report any great achievement during the past year, yet I feel that we have accomplished a good deal in a general way.

Our membership has been increased about 35 per cent. and otherwise the association has enjoyed a prosperous and successful year. The advantages of our association are obvious and too numerous to discuss now, and I will simply call to your attention two of the most important pieces of our work, that of the credit exchange bureau or the information bureau, as we call it, and the adjustment bureau.

Our information bureau is bordering upon a state of perfection in its operation, saving the members many bad accounts. It operates as the ounce of prevention. It is not a reporting bureau but supplements the work of the agencies, as it only furnishes the names of merchants and members who buy their goods in the Memphis market.

The adjustment bureau handles only embarrassed and insolvent estates and operates on an elevated plane, stating the features of each particular case as carefully as would a physician before prescribing. We do not handle collections, having discarded that feature over a year ago. The bureau has the respect and confidence of the attorneys and collection agencies in our section; and indeed they co-operate with us under an agreement that we leave collection business to them and that they leave the adjustment work to us.

These two features have been most beneficial to our members, and therefore the most important factors in the success that has attended our efforts. (Applause.)

Mr. T. E. Brennan, Milwaukee—We have all seen the sign when traveling through the country "Schlitz Made Milwaukee Famous;" but that is not so any more; it is the Milwaukee Association of Credit Men. (Great applause.) They are the most successful association operating an adjustment bureau. We have behind the bars now and expect to keep him there, one dishonest creditor.

We have, if you will notice, supplied delegates to the other delegations that are represented here, because we brought twenty-eight delegates from the city of Milwaukee. (Great applause.) Next time, at the meeting of the national convention we want provision made for enough chairs to accommodate the Milwaukee delegation so that we shall not be obliged to lend our delegates to the other delegations that have not a sufficient number of representatives. (Great laughter and applause.)

President McAdow—Minneapolis, Detroit and Toledo will no doubt keep this in mind. (Great laughter and applause.)

Mr. Fred R. Salisbury, Minneapolis—I thank you for mentioning Minneapolis first among the three cities. The Minneapolis association has endeavored to benefit the community by first benefiting their own members. The first step in that direction which we have taken during the past year was to elect a banker to the presidency of our association. The next thing we did was to raise our dues. You see

the logical sequence (laughter)—and following that we have increased our membership. In increasing our membership we have endeavored to strengthen the publicity feature by securing as members the representatives of the newspapers whom we find are quite liberal givers of credit, and in that way are entitled to membership in our association, our association being very careful to admit only those members under the recommendation of the association who are really dispensing credit.

We have pursued the usual activities along different lines of trade information, adjustment bureaus and work of that kind. We have also taken up for the benefit of our members the question of interest on past due accounts, finding that a great many of the members were not accustomed to charging their customers for the loan which they had frequently given them, without arrangement previously made for such loan.

We have also endeavored to rectify the abuse of the deduction of unearned discounts, and have supplied ourselves liberally with the small pasters that have been furnished by Mr. Kingsbury's committee.

Our Mr. Green, formerly treasurer of the Association, has done our membership a great service in devising a slip on which to make a demand upon the commercial agencies for definite information in regard to the insurance on the stock of those desiring credit.

And finally we have contributed to the work of cementing together the Northwestern associations. In all matters of local interest our Northwestern associations act as one body, and in this way we are securing for ourselves the highest degree of efficiency and the greatest amount of benefit. (Great applause.)

Mr. Bernard Frank, Montgomery—Although coming from Alabama, which is the first state in the Union, as we all admit, I am unable to report an increase of membership in Montgomery, for the simple reason that we have all that can be gotten together—only forty—therefore we cannot increase for the present; but we are just as enthusiastic about the local and national associations as we can be. We meet twice a month and take up matters of information between ourselves. We are strictly local jobbers; we do not go out of the state a great deal. We take up the discussion of our customers at our meetings. These conferences benefit us not alone because we sometimes refuse credit on information gathered thereat, but also because we take up and often consider favorably concerns that we thought theretofore were not good. So we derive a double benefit from these meetings. In addition to that we sometimes have speakers on hand to address us and naturally we have a little lunch and cigars. We never forget that we are from a local center but we do the best we can for the National Association and also for our own. I thank you. (Great applause.)

Mr. C. H. Sansom, Newark—The formation of the Credit Men's Association in our city has succeeded in breaking down the petty jealousies which existed between credit men prior to the formation of our organization. (Applause.)

We have succeeded in passing through our state legislature a bulk sales law that has been carried up and found constitutional in every respect and has been a great benefit to our merchants. We have succeeded in practically connecting every national bank and

trust company in our city with our association. We have investigated and prosecuted a number of fraudulent bankrupts. We stand second to the Board of Trade of our city in prominence and influence. We are asked to consult with the judge of the bankruptcy court and advise with him as to the appointment of receivers in bankruptcy cases. We hold a monthly meeting and also a monthly noonday luncheon which we have found to be of great benefit to our organization. (Applause.)

President McAdow—One of the latest additions to our family, New Castle, Pa. (Applause.)

Mr. Roy M. Jamison, New Castle—I think that in conventions of this kind children should listen and not be heard. I thank you for the courtesy of calling upon me, in spite of the fact that our association joined the national organization only last winter.

We have two departments which we have magnified since our organization was formed, one of which is our reporting bureau. Our reports on retailers we believe to be as complete as any that can be gotten, and especially in the grocery line we have very complete reports. This is due to the fact that most of the wholesalers in our locality are in the grocery business, not many of them in the dry-goods or the boot and shoe business. We have had a number of adjustments which have proved as successful a means of settlement as any that could be adopted. (Applause.)

President McAdow—The city of mockingbirds, magnolias and warm hearts, New Orleans, Louisiana. (Applause long continued.)

Mr. T. J. Bartlette, New Orleans—I have been up against a good many hard propositions in my life, but I believe one of the hardest if not the hardest, is the endeavor to tell in a one-minute talk the great amount of good that this National Association of Credit Men has done for the New Orleans branch and for the city of New Orleans.

I believe, Mr. President, that the men who organized this Association builded far better than they knew, and that it is so because they built on true principles which were living then, are living to-day and will live forever. They eschewed absolutely all desire, all eagerness for money, and the second principle was absolute unselfishness.

I judge from the appearance of the delegates I see here and those with whom I have been fortunate to come in close contact, that they are fairly familiar with the scriptures and with the writings of that great man who did more than anyone else to spread the principles of Christianity. If there is anything that St. Paul prided himself upon it was the purity of his language. He knew exactly what he wanted to say and exactly how to say it; and when he said that the love of money is the root of all evil, he recognized a principle that is ever living. He knew that the man who touches money may be and often is a great benefactor of mankind, and he knew also that the man whom money touches is a vile wretch, beneath the contempt of every decent man. (Great applause.)

They have followed that principle consistently; it has been a principle that has guided this organization so that it has kept off everything and anything that looked toward monetary gain, the curse of every man in public or private life who has ever been touched with the taint of money.

The second principle, as I say, is that of unselfishness. I was



brought up in a school where the principle of the great high priest of selfishness was taught. The great Jeremiah Bentham taught that the spring of all human action comes from the *ego*; we know to-day that the school of the altruist teaches the same doctrines only in a different form; and when egotism and altruism are carried to their extremes they merge into one harmonious whole. Everything done by this Association has been done for its own benefit; it recognizes the fact that "I cannot help you without helping myself, that every time I do an injury to you it hurts me far worse than it does you my fellow man."

The principles of this Association have been brought down to this city. Far as this place where we stand is from the locality where this great organization had its beginning and far as we are from New York, we feel its influence and have felt it from the time this organization was established in this city; we knew that however weak we might be here, the influence of the National Association was around us at any and all times, and the great Association was ready to help us in any manner possible.

It is that principle that enabled this association here at New Orleans which had dwindled down to a mere nothing and was walking around like a corpse awaiting only decent interment, to revive. The movement was supported by six men, the only active members three, and who had been so for nearly six years. It was the principle and feeling of confidence that they had the power of the National Association behind them that encouraged them to keep together and hold the wreck of what was the old local association together, until the proper time came for us to make a strike for better and higher things. That that feeling of confidence has been justified is shown by the fact that in the three short years we have grown from the original six almost passive members to an active organization of 227 live members. (Great applause.)

Mr. President, when an organization can do that, it can do anything. There is absolutely no limit to the power that this Association can wield if conducted along the lines that have hitherto guided it; and I feel sure from what I have seen of the men who are here to-day and who have been in power, and who I hope will remain in power for a long while, that there is absolutely nothing to stop the onward course of this Association until it is actually the greatest and highest and best business power that is in this country. Gentlemen I thank you. (Applause.)

President McAdow—I am glad that Mr. Meek reminded me that when the original call went out for a meeting to organize the National Association, New Orleans was one which responded to the call. (Applause.) We are glad to pay the tribute of recalling that fact. And now we understand why down here when they want to refer to Bartlette—in love and affection they call him "Old Faithful." (Applause.)

E. S. Boteler, New York—I very much admire the courage of Mr. Bartlette. When I notice the excitement among Minneapolis delegates I am reminded of the statement that when a preacher in Minneapolis takes his text from St. Paul he loses his job. (Laughter.) Andrew Carnegie was asked upon one occasion to what he owed his very great success, and he is said to have replied that it was almost entirely due to the selection of the right men as heads of departments;

in other words, that his genius in recognizing and securing the right lieutenants has made him the greatest captain of industry of all times.

We of the New York association are fortunate in having a president who possesses the same faculty, and in the appointment of his membership committee and notably the chairman thereof, he has secured a result that is simply phenomenal. One year ago our membership was 662, to-day it is 1,027. (Applause.) I trust that no one will take it unkindly if I say that that approximates one-third of the increase of all of the associations of the country, and it certainly is great tribute to the address, personality and remarkable energy of the chairman of our membership committee. And I want to add a word right here for the firm of S. Stein & Company for whom that chairman is credit manager: It has given his activities entire and hearty approval.

One of the greatest colleges in this country was for many years notoriously weak in many branches of athletics. Investigation showed it was due to the habit of selecting men for various teams largely because of social position and sometimes financial standing. I do not need to draw a map of what that means. As a parallel, the presidents of our local associations must know the very best men among their members for appointment to membership committees, and we urge upon them the selection not of personal friends, not of office seekers, but of the men best fitted to obtain the largest measure of success, men who are so fortunately connected with firms, broad and far-sighted enough to realize that employees' activities in behalf of the association will result in certain direct or indirect benefit to themselves.

We respectfully submit that if you will follow the policy we have adopted in New York, it is not beyond the realm of reason to prophesy that the membership of the Association for 1911 will approximate 20,000. (Great applause.)

Mr. H. G. Barbee, Norfolk—I want you to note that we are near New York. We feel that fact in many ways. In some cases we feel that we are a great deal smaller and in others we feel that we are larger. For instance in our great harbor, the Hampton Roads, and in the work of our association so far as principles are concerned. We do not expect to reach the numbers of our friends and neighbors in New York, but we have the nerve to try. (Applause.)

We are just twenty-three months old and during the past year we have organized and been successful in handling an information bureau, which has already saved our members not only hundreds but thousands of dollars. We also have an adjustment bureau which is working successfully.

We have the noonday luncheon weekly and it has been a real success. It has proven good in many ways—in fact so good that one Baptist minister in Norfolk thinks so much of our luncheons that he attends them weekly and pays for his own meals. (Laughter.)

I received yesterday a telegram from our secretary, written at the conclusion of the noonday luncheon held on the 18th, in which he says: "Your telegram received. Everything moving along nicely. Glad you are having such a good time. Wish all our members were with you. Had twenty-two members at the luncheon to-day. Many important matters discussed. Good meeting. Unanimously resolved that we send you greetings."

Now, we have grown not as large as New York, but almost as

rapidly in proportion. You will note from the membership list, at the close of last year we had thirty-four members, and to-day we have seventy. Within sixty days from to-day we will have one hundred. (Applause.)

We are glad that New York is so near to us, because we realize that they are strong and we can call upon them as we can also upon Baltimore and the other near-by associations, to assist us. This being the second time I have attended a national convention I want to say that if I could only continue to hold when I go back home the enthusiasm for Norfolk that I feel I have within me because of this meeting, we would soon be able to build Norfolk as large as New York. (Applause.)

Mr. R. T. Burns, Omaha—We have a live association of 102 members, and most of the benefits that we get from our association work are the same as you are getting. The greatest benefit is from the bulk sales law. We are bounded by seven states; five of these states are included in the eight which have no bulk sales law, and you see how much we appreciate the oasis in that desert. (Applause.)

Mr. Charles G. Rapp, Philadelphia—To my mind one of the first and also one of the greatest advantages of membership in the Credit Men's Association is the acquaintance one forms with those engaged in a similar line of work. Instances without number, I am sure, have been the experience of every one of us where personal acquaintances made through the Association have brought benefits to all concerned.

The position of credit men has been elevated; instead of being regarded as the mere clerk, the dispenser of credits has become one of the main arteries of the modern commercial establishment; the work has become recognized as a profession; the credit department is now conducted on scientific principles instead of haphazard, hit-or-miss methods; and the man who has taken advantage of these changed conditions has made himself a valuable factor in the conduct of business and incidentally materially added to his personal income.

In my own state all recent legislation tending for better credit and collection laws has been the result of organized effort on the part of the Credit Men's Associations within the state; what was accomplished could never have been brought about through individual effort and the strange thing is that with all that has been done, benefiting every credit giver, there should still be some who hesitate to connect themselves with an organization of this kind.

The little slip "discount for cash" recently issued by the National Association, if judiciously used, will in itself many times pay the annual dues every year, besides letting the gouging customer understand that his methods are not approved by business men. There is little doubt but that in a short time the habit of "stealing time" will be a thing of the past.

The Association is being recognized as a leading trade organization; its influence is felt not only in the business world but also in municipal affairs. When the demand for municipal courts in the large cities of Pennsylvania became strong none of the trade organizations were willing to undertake the legislation necessary to bring about their establishment for the reason that the constitution of the state would not permit such legislation without amendment; it was then that the Philadelphia association appointed a special committee

whose resolution amending the constitution of the state was passed by both House and Senate, without a dissenting vote, in just seven weeks from date of introduction. This has now become known as the "Credit Men's Measure" and it is admitted that what was accomplished by the Philadelphia association could not have been brought about under any other auspices. It only goes to show what can be done by united effort in furthering a worthy cause.

The establishment of municipal courts will revolutionize court methods and will bring much needed relief not only to the business man but to the general community. This alone will justify the



*Director*

WM. G. WALKER

Austin-Walker Co., Boston, Mass.

existence of our association if it does nothing else. In this movement we have the able support of our sister city at the other end of the state, Pittsburgh.

We are one of the progressive associations. We are adding to our membership constantly, and at every meeting elect those who have passed the scrutiny of our active membership committee.

In addition to doing the regular business of every association we



also have established and have for years had an adjustment bureau which is run on the lines laid down by the National Association. We do not allow any collections or anything bordering on collections.

Just now we are organizing an interchange of information bureau which will have some unique features, an account of which will in due time be published through the BULLETIN. We have already some sixty or seventy members pledged to the cause but we feel that we ought to have one hundred and fifty before beginning active work. (Great applause.)

Enoch Rauh, Pittsburgh—I have just received the following telegram: "At our weekly meeting held yesterday ten new firms were proposed for membership. Pittsburgh pledges a large increase to the National Association for the coming year. Our weekly meetings are responsible for this. Pittsburgh Association of Credit Men, A. C. Bunce, Assistant Secretary."

The Pittsburgh association has succeeded in impressing our community with the fact that the profession of credit man should be a dignified one and that the financial man should be as highly respected as a minister, attorney or physician.

We have always believed that our association should keep in touch with *banking, legal, civic and educational* movements, thereby occupying a dignified co-operative standing in our section.

We show our community the vast amount of responsible work the credit man performs for his bank, corporation or firm. We compare his work with other important occupations, in which men are employed, and *we aim and we have succeeded* in raising the standard of many of our credit men financially and otherwise through such enlightening education.

In Pittsburgh the question is not often asked, what benefits are derived from our association, but in place of this the following: Are we eligible to join? All this has been made possible by our weekly meetings. These have promoted good fellowship, discussion of new business and civic ideas, which brings the association in the public eye which, as we all know, greatly aids in developing the aims, objects, scope and purposes of any association.

May our tree of usefulness, locally and nationally, continue to flourish, and may its fruition be the greatest good and may our great work continue to fulfil its splendid mission. (Applause.)

Mr. L. L. Paget, Portland—In addition to legislation considered necessary for the best interests of our particular states the local association permits interchange of ideas on business topics generally; from which discussions are often evolved, solutions of problems affecting local conditions. This is a very large country embracing all manner of constantly arising business difficulties which it is our business to overcome. What you may need in Louisiana may not be necessary in Oregon at all. On the other hand you may meet a condition in Louisiana which may put a new idea before the Oregon association from which much good may result. Mutual help in this way would never be experienced without the local association.

Again as members of the Credit Men's Association, to get the most good, we must come into personal contact. This country is so vast that this would be impossible without the local association.

Again the local association enables us to enlist the services of

the very best home and sometimes outside talent for addresses at our local meetings and I consider this of incalculable value.

We have had very excellent meetings in Portland, from which much good has resulted. I take this opportunity to refer to the result of one of our meetings this season, out of which has evolved at least a temporary solution of a difficulty we all experience, that is in connection with the bank draft system. Our plan of converting the difficulties of the bank draft system we have recently inaugurated and it is working out very well indeed and I do not see any reason why it should not continue to do so. (Applause.)

Mr. B. F. Scribner, Pueblo—I am the lone representative of Pueblo, and when I got here I proceeded to annex the Denver contingent and I have not been lonesome since. We have an active association and are making a little stir in our community. Of course we are small but we are growing. I was glad to know that the gentleman from Los Angeles had heard of Pueblo. He must have heard of our work as he mentioned it in his speech, and we have some things that he has not even in his city. We are a mile high and consequently nearer the angels than he or any of his contingent. (Laughter.) We have the information bureau, adjustment bureau and all the other good things which have come to us from the National Association, and we have all of the eligibles in Pueblo, at least all the live ones, and we have all the lively ones of the adjacent cities—not a great many; forty odd—but there will be more some day as our city grows. We have been an influence in the community this year in this, that the directors of our association of credit men have organized and carried on successfully a trade excursion and have come back so enthusiastic that they proceeded to organize the five commercial bodies of the city into one commerce club. (Applause.)

In closing I have one suggestion to offer, which, if you will take and put into application will simply work you all out of a job—I do not suppose for that reason that it will appeal to you—it is this: In September of this year we have the Eighteenth National Irrigation Congress in Pueblo. We will teach you all about irrigation, we will give you stuff to irrigate and nothing to irritate; the suggestion is that if you will come, or if you cannot come yourselves, if you will send or bring with you, if you do come, all of the slow ones, all of the undesirable ones, among those clients of yours, if they are any good at all, if they are worth reclaiming or salvation of any kind, bring them out there and let us have them just a week, and we will give them a dose of ginger, and give them a tract of five acres of land and in five years they will have money to burn, and you won't need any credit men. (Great laughter and applause.)

Mr. F. E. Norwine, St. Louis—I would suggest that these minute men that you have selected to make these reports are occupied more in explaining local conditions than in demonstrating the beneficent results proceeding from local credit men's associations.

Like a great many of our sister states, we have the good things embodied in the various associations of credit men. We have our adjustment bureau, which closed a number of cases during the year where the creditors were paid an average of 57.6 per cent. All of these cases were kept out of bankruptcy except one.

We have a special committee in regard to our local affairs which I find few associations have. We call it the "Good and Welfare Com-

mittee," and it is what its name implies. This committee has secured an average attendance at our meetings of over 40 per cent. of our entire membership. I would suggest that every association have a similar committee, if it wants attendance at its meetings to grow. We hope in St. Louis to see the time when complications will be taken charge of in co-operation. We believe that is the right and proper spirit. I believe that in our association the spirit of co-operation has done more for us than all things else put together. (Applause.)

Mr. H. K. Huntoon, St. Paul—I am only a fair sample of the way things grow up in our city. (Mr. Huntoon is 6 feet 3 inches tall.) (Laughter.) The gentleman from New York suggested that a Minneapolis preacher did not dare to take a text from St. Paul. He is entirely wrong, and quite unfamiliar with the circumstances in our locality. St. Paul went about on his mission of love, not for himself, but for others. Eight men from St. Paul are here emulating the example of St. Paul. We have a membership of 186 and an attendance of 70 at the monthly meetings, and once a year we have a love feast with our sister city of whom we are proud. Any honor which comes to Minneapolis will please us greatly. It is a wonderful city we have up the river. It is a business rival in every sense of the word except one; when it comes to credit we are as one; and we extend the hand of greeting to one another; we make the Minnesota delegation, not the St. Paul delegation. Last year we visited the city of Philadelphia as the convention city and learned what brotherly love meant; and we came home determined to erect on the spot where once was the imaginary dividing line between St. Paul and Minneapolis, a fountain to which we will give this name "The Fountain of Perpetual Love."

Next year we hope to meet you at the fountain. (Enthusiastic applause.)

Mr. Arthur Parsons, Salt Lake City—Ours is not the Salt Lake association, but the Utah Association of Credit Men. That is its proper corporate name. It embraces in its membership the merchants of Salt Lake City, Ogden and Provo. We have a membership now of 106, having increased the number from 96 of last year. We have a regular monthly meeting of the Board of Directors on the third Tuesday evening of each month; we have a monthly luncheon on the Thursday preceding that meeting. These luncheons are well attended and have created a great deal of interest and enthusiasm among our members. We have our association incorporated under the laws of the state of Utah and do our work under three departments—the reporting department, the adjustment bureau and the collection department. But we only take collections for our members; we are not a collection agency in general; and out of these collections we generally find where it is necessary to make an adjustment. During the year our adjustments have produced dividends amounting to about 52 per cent. while the bankruptcy cases that have been handled have only produced 14 per cent., a record pointing very much toward the advantage of adjusting our own business.

Our association aims to be a disseminator of true and reliable information for the benefit of both debtor and creditor, a monitor and inculcator of sound business principles, a promoter of beneficent legislation in the interest of trade, an adviser and assistant in cases

of financial embarrassment, an arbiter and adjuster in liquidation and failure, and a menace to dishonesty, deception and fraud. It is young as yet and its early steps may have been weak and stumbling; but it is gaining strength as its days increase, and each succeeding year will see it pursuing its path with firmer tread, until it shall reach its destined position as one of the strongest economic forces which operates for the upbuilding of a prosperous community. (Great applause.)

Mr. J. O. C. Tiedeman, Savannah—Our city is smaller than many represented at the convention, and consequently we have fewer members present. Our enrolled membership is 43, but before long we will have at least double that number and we hope to attend the next convention with a great many more delegates. We have just formed an adjustment bureau which we will put in operation in the near future. In closing I wish to extend a cordial invitation to everybody to visit our beautiful city. (Applause.)

Mr. O. L. Wood, Seattle—During the past year in our organization, we have devoted a good deal of effort to increasing our membership rolls and have succeeded to such extent that we now have nearly 200 members.

We also have a very live and active legislative committee which last year succeeded in having passed by our legislature a law making it a misdemeanor to make a false property statement for the purpose of obtaining credit.

We also endeavored to have passed some changes in the bulk sales law, and succeeded in having it pass one house, but before it could come up and be acted on by the other branch of the legislature an adjournment was taken.

We purpose for this coming year to submit a number of changes to the legislature and we feel confident that we will be able to carry through our purposes.

We find that a great deal of interest is taken in our monthly meetings, particularly I think for the reason that we endeavor to select topics that are of vital interest to the credit man. (Applause.)

Mr. A. R. Morton, Spokane—You may recall the story of the little boy who was nearly drowned one day and was asked, "How did you come to fall in?" And he replied, "I did not come to fall in, I came to fish!" I merely came to absorb some of this enthusiasm. I deem my mission is to go back and charge our 90 odd members with a portion, if possible, of the enthusiasm I have imbibed from this convention. I notice the tendency of the convention to move westward, and I hope you will be able to vault the cascades, and then we may be able to demonstrate that western hospitality is no less hearty and sincere than the much-talked of southern welcome. (Applause.)

Mr. L. John Bergman, Syracuse—The Syracuse association is only two years old but is considered second only to the Chamber of Commerce as the most influential body of business men in our community. We have sought quality rather than quantity in membership; therefore, only the most active comradeship exists.

There have been very few resignations, and the business men of Syracuse now are coming to us and saying we wish to become one of you. We are young but have great plans for the future and hope



before another year's end to have our energy recognized and applauded. (Applause.)

Mr. W. H. Snodgrass, Toledo—We thank you that you put us near the last, because I know the last shall be first. And although the national organization was formed at Toledo fourteen years ago, it was not until ten years afterward that Alexander came back and we were organized and born again. The Chamber of Commerce realized the fact that new life was put into the city when the Credit Men's Association was formed, because they were the first organization which was able to bind all business men together; and from that has come a great many strong business organizations. These strong business organizations have elected our president as president of the Federation of Clubs, thus bringing them all together under one head. (Applause.)

President McAdow—The next, I think, is the latest of our children, but we may say with the poet:

"No pent-up Utica contracts our powers." (Applause.)

Mr. George W. Oatley, Utica—On my arrival last Monday I was greeted with the information that the Utica Association of Credit Men had been called the baby of the Credit Men's Association. Therefore this Association cannot expect to hear of work accomplished if such be the case.

The conception of that baby was last year at Philadelphia. It was born at a meeting which was addressed on February 4th last by Secretary-Treasurer Meek. At that meeting it was decided to form a local branch in Utica of the National Association of Credit Men and committees were appointed on permanent organization and to draft by-laws and constitution. The committees reported the result of their labors at a meeting held March 23, 1910, and both reports were accepted and by-laws adopted at this meeting. The chair was instructed to appoint a nominating committee which reported to a members' meeting April 25th last, and officers and directors were elected, thus perfecting a permanent organization, with a membership of 52. Articles of incorporation were filed, and at a members' meeting held May 3, 1910, President Dobson announced the personnel of the committees on membership, encouraging and fostering trade information and legislation. The membership committee will endeavor to report before the end of the year a membership of at least 100. The Utica Association of Credit Men will aim to be a strengthening spoke in the wheel of the National Association of Credit Men. (Applause.)

Mr. Claude H. Neff, Wichita—Wichita is the great metropolis of the state of Kansas, known for its sunflowers, sunshine, success, merchants and happy homes. (Applause.)

We have been struggling for eight years to get the bulk sales law passed and if we live a few years longer we hope to see it on the statute books.

We have an adjustment bureau but owing to the healthy business condition of our territory we have never had one single occasion to use our adjustment bureau.

The territory which we cover is Kansas, Colorado, Oklahoma, Texas and New Mexico. I have just personally been over the territory on a booster trip that our jobbers organize once a year; I gather

that the conditions over that territory are excellent. We took a rainmaker with us and saw that western Texas had an excellent rain. I am responsible for the rain Louisiana got the other day as I brought it from Wichita. (Laughter and applause.)

Mr. L. B. Rogers, Wilmington—North Carolina is one of the babies but with the food we are preparing to serve, it is bound to develop into a full-grown and prosperous manhood.

Our association was organized during the latter part of 1909, and 75 per cent. of our business houses are members. By the next convention we expect to report 100 per cent. We have in process of formation a credit reporting system, and 80 per cent. of the membership have subscribed to the service at \$75 per annum. (Applause.)

President McAdow—Last, but not least, strenuous Youngstown.

Mr. H. W. Grant, Youngstown—We have eliminated entirely the prejudices that formerly existed in our little city and to-day we have a spirit of loyalty, co-operation and friendliness that I believe has been a benefit to every business man, jobber and manufacturer. I think we can truthfully say that as a result of the thorough operation of our reporting bureau, any credit man who makes a loss in our territory has only himself to blame. We are of the opinion that the danger signals that hang out should take care of any man's credit in our vicinity. Of course we do have occasional business difficulties but we have a model adjustment bureau and as a result business difficulties rarely get into the bankruptcy court, and when they do it is because our committee feel that there is something suspicious about the failure or there is a failure on the part of outside creditors to co-operate with the local association. In any event the association absolutely controls the cases in the sense that we dictate the policy to be pursued and invariably nominate the trustee.

I would like to suggest two instances—the only two we have had in five years. In one the petition was drawn in blank and turned over to our association. It was finally withdrawn and we received 100 cents on the dollar and the business is to-day a going concern.

The only other one is this: We were a secured creditor; our committee appraised the assets of the debtor at 40 per cent.; we receive a *bona fide* offer for the sale of the merchandise on that basis. Through the refusal of three of the outside creditors to instruct their attorneys to come in with our association, that matter fell through and went into bankruptcy with this result, that outside of ourselves, who were secured, the other creditors received 18 per cent. of their claims and suffered a delay of three or four months, while they might as well have had 40 per cent. and no delay.

We have a prosecution bureau with \$2,500 subscribed and \$2,500 paid in. Any case that deserves prosecution will have it properly and thoroughly.

Our association does not take any active part in other matters in our city, that do not relate directly to credits. But in our 124 memberships we include all the banks, practically all the manufacturers and all the jobbers of our community and with a total capital represented of \$40,000 we are looked upon as the leading business organization in the community. In any proposition that comes up making for the welfare of the community we are always invited to take part and our advice is eagerly and earnestly looked for. (Applause.)

Mr. B. F. Ezekiel, Birmingham—The state of Alabama is one of those states regarded as belonging to the debtor class, the laws being made in some states for the creditors' benefit and in others for the benefit of the debtor. We have the misfortune to live in a state where the laws are made for the benefit of debtors. We have four times been before the legislature with the bulk sales proposition and have been defeated four times—the last time it being a tie. We are going again for the fifth time. (Great applause.)

Birmingham itself has risen from the last census showing 38,400 people until last week we were enumerated at 127,400. (Great applause.)

We have an adjustment committee; we have not risen to the height of a bureau yet; but we have on record a failure of \$4,000,000, which was adjusted without the assistance of a lawyer and at an expense of \$127 only to the creditors. We have another, a \$13,000,000 failure, \$10,000,000 secured and \$3,000,000 unsecured creditors. That has been settled at an adjustment of 5 per cent. only. I just want to put these figures on record, not you understand for Birmingham, but for a state where all the laws are made to favor the debtor and not the creditor. (Applause.)

It was then voted to take a recess until 2.30 o'clock P. M. of the same day.

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## AFTERNOON SESSION.

Friday, May 20, 1910.

The afternoon session of Friday, May 20, 1910 was called to order by President McAdow at 2.30 o'clock P. M.

President McAdow—Before taking up the next matter of business, it is now my honor and pleasure to call to the chair one of our beloved ex-presidents, Mr. O. G. Fessenden, of New York. (Great applause.)

Mr. Fessenden (in the chair)—*Gentlemen of the Convention:*

I thank you most heartily for the welcome you have given me. Had I time I would just like to have a heart to heart talk with you, but I know you are here for a certain purpose, the business in order being the nomination and election of officers. The first office for which nominations are in order is that of president.

Mr. Howard Marshall, New York—*Mr. Chairman and Gentlemen of the Convention:* No greater pleasure has ever been mine in the proceedings of any of our conventions than the privilege which I now enjoy in presenting to you the name of a candidate to be the president of this Association for the coming year. The office of president of the National Association of Credit Men is a great and honorable office, and it involves grave responsibilities and duties of a very exacting nature. It should always be remembered that the duties of our president are not confined to the proceedings of any single convention. For twelve months in the year he is the executive head and leader of the largest and most influential commercial organization in the United States. (Applause.) Executive problems of deep concern to the nation's business interests come to him as our leader and he must solve them; and the office demands a well-balanced mind, matured and deep conviction. Our candidate must possess the highest character and integrity, marked intelligence, quick perception and wide experience.

It has been the good fortune of this Association to have secured as its chief executives in the years that have passed, men conspicuously possessed of these qualifications, and the year that has passed has lacked no distinction in this respect, except that we have to-day a still greater wealth of accomplishments and a still increasing measure of personal worth represented in our chief executive. (Applause.)

My candidate is no stranger to our membership. No words of mine at this time are needed to pay tribute to his signal loyalty to every high ideal and every lofty motive for which this Association, as a potent factor in commercial life, has ever steadfastly been dedicated.

The record of his past administration is a sufficient tribute to his self-sacrificing work and achievement. It has been one of the happiest associations of my life that I have been close to him in the discharge of his official duty during the past year. He has not only gained the respect, the confidence and the admiration of our entire membership, but he has won the deep personal affection that comes from hearts united in a loving fellowship.

Eminently qualified to succeed himself, (great applause) I have great pleasure in nominating for the office of president of this Association, Mr. F. H. McAdow, of Chicago. (Long continued and enthusiastic applause and cheers.)

Mr. H. G. Moore, Kansas City—I certainly take very great pleasure, not only on account of my personal friendship and esteem for that gentleman, but on behalf of the Kansas City delegation, in seconding the nomination of Mr. McAdow for president for the ensuing year. (Applause.)

Chairman Fessenden—Are there any further nominations?

Mr. F. H. Randel, Cleveland—On behalf of the Cleveland delegation, I wish to second the nomination of Mr. McAdow.

Mr. Ritz of Milwaukee then moved that nominations be closed, the motion was duly seconded and carried.

Mr. Adolph Landauer, Milwaukee—I move that the rules be suspended and that the secretary be instructed to cast the unanimous vote of this Association for Mr. McAdow as president for the coming year.

Motion seconded and unanimously carried and ballot was cast accordingly.

Chairman Fessenden—I take great pleasure in announcing to you the election of Finlay H. McAdow as president. (Great and long-continued applause.)

The chair will appoint Mr. Marshall and Mr. Moore as a committee to escort your president-elect to the rostrum.

(President McAdow was then escorted to the rostrum amid tremendous cheers.)

(Mr. McAdow took the chair, while the convention sang, "For He's a Jolly Good Fellow, Which Nobody Can Deny.")

Mr. O. G. Fessenden, New York—And nobody wants to.

President McAdow—*Gentlemen of the Convention:*

When a year ago at Philadelphia I realized that I was really in this position, I think the highest position and the highest honor in business life that can come to any man in America, I felt totally incompetent and entirely unequal to the task of meeting the responsibilities and the possibilities of such an office. But when that lack of confidence was most overpowering with me, it seemed as if you stepped to my side and said, "Go ahead, you can do it, and we will stand by you." And now you place me in this



honored position a second time, while the responsibility seems just as great and the possibilities of leading this organization to success seem as much to me as ever before, I assure you that this same spirit of comradeship and helpfulness on your part make my greatest comfort and aid to-day, for again you seem to say, "Go ahead and we will stand by you." (Great applause and a voice, "That's what we will.")

If there has been any measure of success in my work during the past year it is because I have had the loyal support and help of every credit man officially connected with the work of the organization, and I believe of the entire membership. It is that spirit of helpfulness and loyalty, and the fact that in this office I am associated, I believe, with the best lot of men in this country, that give me courage to promise you that for the coming year I will endeavor again to give to the discharge of the duties of this position with which you have honored me, the very best that is in me. I can make no higher pledge than that, and with that promise I thank you again from the bottom of my heart for all you have been to me, for all you have done for me, and for what you are doing for me to-day. (Enthusiastic cheers and long-continued applause.)

Our next order of business is the election of a first vice-president for the ensuing year.

Mr. J. H. Kentnor, St. Louis—*Mr. President and Gentlemen of the Convention:*

The work of the National Association is of such a nature that it requires the hearty co-operation of each individual member and also of each association. It has been my pleasure during the past year to have been associated with your president and also with the other directors who have been looking out for the welfare and the good of this organization; and during that time we have formed very many pleasant associations that are for our own good as well as for the business good.

I come from that part of the country, in the Mississippi Valley, which, according to tradition, is the birthplace of all credit men. Missouri, you know, is the place where they say "show me," and the credit man wants to be shown if anybody is to get credit from him.

Passing by our doors is that great artery which rises in Minnesota and comes down by way of St. Louis, on its way to New Orleans, the great city in which we are now holding our convention and where we have been so handsomely entertained, where they have shown us what they have in the way of docks, piers and other facilities for distributing the goods we make in the North through all the markets of the world. And it is our fondest hope and wish that here in New Orleans in 1915 it will be possible for our friends here to have the Panama Exposition, and that many of our members will come here again to renew the pleasant acquaintances we have made.

Not far distant from St. Louis is another town, called Cleveland, Ohio. It is an old saying that there is nothing new under the sun; but we happen to know that in Cleveland there is a "New" that everybody loves. (Great applause.) We know what his feelings are for this Association; we know what he has done in the past and we know how his interests have always been with us, and we cannot help but feel that by putting Mr. Harry New of Cleveland in nomination for the office of first vice-president we cannot do better for ourselves at any time, and it affords me the greatest of pleasure to offer the name of Mr. Harry New for first vice-president of this Association. (Great applause.)

Mr. Enoch Rauh, Pittsburgh—There are times in everyone's exist-

ence when he is swayed by the imagination; again there are times when the realistic predominates. When the latter is true, it happens that the joyous sentiments seem to emanate from the heart and sincere well-meaning from the brain. Such is the case with me to-day, my good friends, when Pittsburgh has given me the privilege and the honor of seconding the nomination of our fellow citizen of Ohio, Mr. Harry New of Cleveland, and it is with the very greatest of pleasure that I discharge this duty. (Great applause.)

Mr. H. E. Smith, Columbus—Columbus takes great pleasure in seconding the nomination of Mr. New. (Applause.)

Mr. S. J. Whitlock, of Chicago, then moved that nominations be closed. The motion was seconded and carried.

Mr. Adolph Landauer, Milwaukee—I move that the rules be suspended and the secretary be instructed to cast the unanimous vote of this convention for Mr. Harry New as first vice-president for the ensuing year.

Motion seconded and unanimously carried and the secretary cast the ballot as directed.

President McAdow—The unanimous vote of the convention is cast for Mr. Harry New, and I declare him elected as first vice-president for the ensuing year. (Continued applause.)

President McAdow then appointed Mr. J. H. Kentnor, of St. Louis, and Mr. Enoch Rauh, of Pittsburgh, a committee to escort Mr. New to the rostrum. (Applause.) Mr. New was then escorted to the platform, the convention singing "It's New Because It's New" to the tune of Auld Lang Syne, led by Mr. Andrews, of New York.

President McAdow—The "New" First Vice-President. (Laughter and great applause.)

Mr. New—*Mr. President and Gentlemen:*

They say there is nothing "new" under the sun, but when that was written Mr. Andrews, of New York, had not been born. (Laughter.) I can only say that I thank you from the bottom of my heart, and as I said last year, I think you have made a mistake again. There are 12,795 other men in this organization, any one of whom you should have picked rather than me. However, with such a leader as Mr. McAdow, the vice-president will have little to do, and you are giving me an office of honor only. Mr. McAdow has in the past year put a good many propositions to me now and then, but he carried them all out himself. I thank you for giving me a position of honor rather than one of work, as long as we have such a president.

But while I am here a word about our organization. We must follow the policy that we have in the past, of sticking to certain things and trying to carry them out. We must not try to get into too many channels; we must remember that there are other organizations and trade organizations that are here and organized to do certain work. We do not want to try to run this entire country ourselves. If we follow the policy to which we have clung in the past, I am sure the future for the Credit Men's Association is bright.

We have now some 12,500 members. I am quite sure, however, from the telegrams that have been read on the floor and the additions that have been reported, that there is at this writing 13,000. I do not know what it will be by to-night.

We learn from the minute talks that we have had to-day of the large scope and field of the work in which our associations are engaging. It was very interesting to me as I sat here to see that not only are

we following the work of the credit man, but we are following along lines of work which ultimately interest us as credit men. Our field is constantly broadening, but it is all in line with our work. Gentlemen, I thank you very much. (Great applause.)

President McAdow—I assure you it is a pleasure to me to have associated in the work of the National office for another year, Mr. New. I am glad he has opened his heart and pointed out that he had not been earning his salary entirely. He will get a better chance this coming year. (Laughter and applause.)

Nominations for the office of second vice-president are next in order.

Mr. J. R. Paine, Memphis—*Mr. President and Gentlemen:*

Your Association requires in official positions men of conspicuous ability in their private affairs, and men as well who have given to this Association their hearty support and co-operation. With that idea in view I desire to present to you for second vice-president a man of action, with a reputation as a worker, a man who inspires confidence in his sincerity and integrity, a man who combines executive ability with a personality at once dominant, attractive and courteous. His connection with this Association, both local and national, has been most active. He has served as president of the local association and in this way has gained a fair idea of the value and needs of its local branches. He has also served as director of the National Association, and in so doing has gained an excellent insight into the plans and policy of the National office.

I therefore submit to you his qualifications for the office of second vice-president, voicing a sentiment to which we all subscribe, rendering credit unto whom credit is due. I present to you for second vice-president, a man of a high type of qualities, your friend and mine, Mr. J. W. Spangler of Seattle.

Mr. W. D. Morgan, Hartford—We have been hearing a great deal from the local association membership, but I want to say a word on behalf of the individual membership; I want to take this opportunity on behalf of our individual membership in the East heartily, to second the nomination from the far West for the office of second vice-president, of my able and gifted friend Mr. J. W. Spangler, of Seattle. (Great applause.)

Mr. Arthur L. Somers, Cleveland—The gentleman from the West is one of our enthusiastic members, as has been attested by his attendance at our conventions for several years past. Remember that he has traveled a great many miles to meet with us at the present session. That shows much enthusiasm of itself. Besides I believe it is to the interest of the Association to have a representative in the far Northwest, for the good of the Association and for the honor and glory that attend the local associations thereof by having a representative in an official capacity in the national organization. I therefore take great pleasure in seconding the nomination of our genial friend from Seattle, Mr. J. W. Spangler. (Applause.)

Mr. L. John Bergman, Syracuse—I wish to say in behalf of the Syracuse association that when Mr. Spangler called there last fall with the other directors on the way to New York to the directors' meeting, he made a little speech that contained so much ginger in it that the Syracuse association has not lost the effect of it yet, and I wish to endorse Mr. Spangler as second vice-president, on behalf of the Syracuse association.

Mr. M. E. Bannin, New York—The far East heartily greets the far West, and I rise to voice the unanimous choice of the delegates of the city of New York in the selection of Mr. J. W. Spangler for the second

vice-president of this Association. I do this because of the fact that we have observed with great pleasure and satisfaction the interest that Mr. Spangler has taken in being a consistent and persistent member of our Association. In behalf of New York City I second the nomination of Mr. Spangler for second vice-president. (Great applause.)

Mr. C. T. Sullivan, of Nashville, then moved that nominations be closed. The motion was seconded and unanimously carried.

Mr. M. H. Moise, Louisville—I move that the rules be suspended and that the secretary be instructed to cast one ballot for the election of J. W. Spangler as second vice-president for the coming year.

Motion seconded and unanimously carried.

(The ballot was so cast.)

President McAdow—the secretary has cast the unanimous ballot of the Association and I declare Mr. Spangler duly elected second vice-president of the Association for the ensuing year.

President McAdow then appointed Mr. J. R. Paine and Mr. W. D. Morgan a committee to escort Mr. Spangler to the rostrum. As Mr. Spangler proceeded to the rostrum the convention sang: "Where is Spangler, Where is Spangler, Where is Spangler Just Now, On the Platform, On the Platform with the President, There is Spangler Just Now." (Great laughter and applause.)

President McAdow—I am not sure whether he knows where he is at or not. (Laughter.) I desire to introduce the traveling second vice-president, Mr. Spangler. (Great applause.)

Mr. Spangler—*Mr. President and Gentlemen of the Convention:*

Both my embarrassment and my happiness are complete. I recognize the honor which you have conferred upon me and thank you for it. This National Association of Credit Men now occupies a position of recognized power and efficiency. We have done and are doing what we set out to do.

In the independence of our strength and in the flush of success shall we not more than ever emphasize the importance of integrity of purpose, endeavoring to establish yet higher standards of business principles, and tempering our every transaction both individual and associated, with consistent fairness?

Let us not rest supinely content with our present achievement, but let us instead promptly endeavor to set new marks and to use our influence for higher ideals throughout the entire fabric of commercial transactions.

I believe that a great deal of our achievement is due to the same principle which is illustrated in a story which I heard recently before the Rotary Club in Seattle. Some of you may know that the Northern Pacific Railroad on leaving Tacoma, a city neighboring Seattle, encounters very steep grades. Sometimes it is with great difficulty that engines pull the loads up these grades to get out of the city to Portland. It is said that recently there was an unusually heavy train to be conveyed up this heavy grade, and so the men in charge of the train went into the yard and approached the large Mogul engine and asked the engine whether or not it thought it could convey the train up the grade. After some consideration the engine declared it would be impossible for it to do so, that it would not even try. They went to another engine of equal size and in turn this engine said the grade was too heavy and the train was too long, that it could not be done. They finally went to a smaller switch engine accustomed to doing work around the yard and they asked the switch engine whether or not it thought it could convey the train up the grade, and the engine said, "I think I can." And so the engine



was hitched to the train, and it backed up to a level stretch, in order to get a good start, and was heard to say, "I think I can, I think I can, I think I can, I think I can, I think I can," until presently it struck the grade, and slower and slower it repeated, "I think—I can, I—think—I—can, I—think—I—can, I—think—I—can," until it eventually reached the crest of the hill, and was heard saying as it was going over the edge of the hill, ever faster and faster, "I thought I could, I thought I could, I thought I could, I thought I could." (Great applause.)

President McAdow—Well now we know we can. (Great applause.)

Gentlemen, our next order of business is the election of directors. This is one of the matters of detail which requires special care, and we can simplify it a great deal, I believe, if you will listen now carefully to the announcement from the secretary in regard to the ballot which is about to be taken. Please give close attention.

Secretary Meek then described minutely the requirements of the constitution with reference to casting ballots for directors whether as individual members, proxy holders or delegates and showed how in using the printed ballot, the making up of the record of the vote could be facilitated.

Mr. Enoch Rauh, Pittsburgh—The Kansas City delegation has requested the Pittsburgh delegation to withdraw the name of Mr. H. G. Moore, and it is with sincere regret that we do this.

President McAdow—Mr. Moore's name having been withdrawn, you will take this into consideration in voting for directors.

Mr. O. G. Fessenden, New York—I arise for the purpose of securing information. As I understand it, an individual member who is a delegate, cannot cast a vote as an individual member and a delegate as well. Am I right?

President McAdow—You are right under the constitution. If the individual member is a delegate he can only vote as a delegate and will not exercise the right to vote as an individual member.

Mr. Louis Fleisher, Philadelphia—Mr. Pickford's name is withdrawn as candidate for director.

President McAdow—Please take note that Mr. Pickford, of Philadelphia, has withdrawn as candidate for director, and his name is not to be considered in the voting. Also Mr. Spangler has been elected second vice-president. Therefore his name is not to be considered in the voting.

(The secretary then called the roll and ballots were deposited accordingly, for nominees for members of the Board of Directors.)

(When all delegates and individual members had voted the balloting for directors was declared closed.)

President McAdow—The report of the Committee on Resolutions will now be presented by the chairman, Mr. George R. Barclay, of St. Louis.

Mr. Barclay—The Committee on Resolutions begs leave to present a report and state that it represents their best thought, and that they waive their right to discuss any of these resolutions, preferring to let the convention act as it may, having full confidence that justice will be done.

The chairman of the committee then read the first resolution as follows:

"WHEREAS, Death has taken from us Frederick R. Boocock the first secretary of this Association, to whom perhaps more than to any other, belongs the high honor of having given permanent form

to the idea which led to a national association of credit men, who served that association in its years of hardest struggle and uncertainty with an energy of purpose born of an unwavering faith in the cause it represented and whose force of character, earnestness of speech, unbounded tact and unfailing wisdom were of vast importance in those formative years, be it

*"Resolved, That the members of the National Association of Credit Men assembled in their fifteenth annual convention do give expression to their admiration for Mr. Boocock's life and character and to their appreciation of the service he did for the credit man's profession and in fact for the entire commerce of the nation in the great part he took in forming and moulding this Association which to-day is recognized as the leader among commercial organizations, and be it further*

*"Resolved, That this convention here expresses the deep sense of loss felt by all credit men in Mr. Boocock's death and directs that an engrossed copy of these minutes be sent to the daughters of the deceased."*

Mr. F. W. Risque, St. Louis—I move the adoption of the resolution and that a standing vote be taken out of respect to the memory of our deceased brother.

Mr. M. E. Bannin, New York—I second that motion with a very great deal of feeling.

Unanimously carried by rising vote.

The next resolution was read by the chairman of the Committee on Resolutions as follows:

*"WHEREAS, Death has removed from our midst Mr. Fred. A. Grossenbacher, for many years a valued and active member of the Association and at one time president of the Cleveland association, be it,*

*"Resolved, That we deeply deplore his untimely death and that we express to the bereaved family our sincerest sympathy and that a copy of these resolutions be sent to the family."*

Mr. M. E. Bannin, New York—I move that the resolution be adopted by a rising vote.

Seconded and unanimously carried by rising vote.

The chairman of the committee read the next resolution as follows:

*"WHEREAS, In the death of Nahum Malcolm Tribou, not only the Chicago branch of this Association, but the entire National body has lost one of its most highly esteemed members, a man whose manly earnestness, thoughtful consideration, fine sense of justice, broad understanding and high ideals in all departments of life commended him to his fellow workers as one to be entrusted with difficult tasks and elevated to positions of leadership and responsibility among them, be it*

*"Resolved, That we, the members of the National Association of Credit Men in convention assembled desiring to give expression to our high regard for Mr. Tribou and to our deep sense of loss cause this acknowledgment to be spread upon the minutes of this convention and direct that a copy of this resolution be sent to the family of the deceased as a slight token of our earnest sympathy in their sorrow."*

Mr. Chas. Biggs, of New York, moved the adoption of the resolution by a standing vote. Motion seconded and unanimously carried.

The chairman of the committee then read the next resolution as follows:

*"Resolved, That we the members of the National Association of Credit Men do take great pleasure in extending our heartiest thanks to our President, Vice-Presidents, Secretary-Treasurer, Directors, the Chairmen of the Committees on Legislation, Membership, Business Literature, Adjustment Bureaus, Fire Insurance, Bankruptcy, Mercantile Agency and Credit Co-operation, Credit Department Methods, Investigation and Prosecution, Banking and Currency and Federal Incorporation Law for the able and conscientious manner in which they have performed the various important and often exacting duties which devolved upon them during the past year, each making distinct advances in the department placed in his charge, and further be it*

*"Resolved, That we express our appreciation of the excellent reports presented to this convention by our officers and committee chairmen, all of them evidently prepared in a full sense of their importance in determining to an extent the lines of effort the Association is to pursue in the year to come; and we recognize that to the zeal and fidelity of our officers and committeemen exerted so unsparingly in behalf of the Association, is largely due the position of dignity and prestige which it holds to-day in the eyes of the commercial world."*

Mr. M. E. Bannin, of New York, moved the adoption of the resolution. Motion seconded.

Mr. Bannin—I wish to say a word in connection with the resolution. I desire to emphasize, if it is possible, the words embodied in the resolution. The eyes of this entire Association, which now numbers over 12,000 persons, are upon us, and the progress that has been made, especially for the past few years, is so marked and so great that not only our membership, but the eyes of the commercial community of the entire United States are upon us, not only the commercial community, but the legislatures and our national congress, and that is entirely due to the earnest, honest and indefatigable labor that has been put into this Association by our worthy officers and by the board of directors. Mr. Chairman, I am pleased that you have granted me this few minutes to give personally my appreciation of the work that has been done. (Great applause.)

The chairman of the Committee on Resolutions then read the next resolution as follows:

*"Resolved, That we here express our hearty thanks to the Hon. I. D. Moore, Corporation Counsel of the city of New Orleans, Mr. Chas. Janvier of New Orleans, Mr. W. G. Walker of Boston, Mr. Edgar M. Cahn of New Orleans, the Hon. Wm. A. Prendergast of New York, Mr. Newman Essick of Los Angeles, Mr. Guy P. Miller of Bridgeport, Mr. Harold Remington of Cleveland, Mr. F. L. Pond of Denver, Mr. E. W. McCullough of Chicago, Mr. Wm. Crane Andrews of New York, and Mr. Henry Deutsch of Minneapolis, for their able, helpful and entertaining addresses, which will take an important place in making the records of the various sessions of the fifteenth annual convention interesting and valuable."*

Mr. Arthur L. Somers, Cleveland—I move the adoption of the resolution.

Motion seconded and carried.

The chairman of the Committee on Resolutions then read the next resolution as follows:

"WHEREAS, The press of the city of New Orleans has with unusual liberality given space to the record of our convention proceedings; therefore be it

"Resolved, That the National Association of Credit Men in convention assembled does hereby express its deep appreciation and gratitude for this able and accurate record."

Mr. A. J. Gaehr, Cleveland—I move that the resolution be adopted. Seconded and unanimously carried.

The chairman of the committee then read the next resolution as follows:

"WHEREAS, The Western Union Telegraph Company and the Postal Telegraph and Cable Company have kindly extended gratuitously the unexcelled facilities of their great organizations, and

"WHEREAS, The members of this convention have availed themselves of these services, therefore be it

"Resolved, That the National Association of Credit Men in convention assembled extends to the Western Union Telegraph Company and the Postal Telegraph and Cable Company its sincere thanks and appreciation of their courteous generosity."

Mr. Adolph Landauer, Milwaukee—I move that the resolution be adopted. Motion seconded and unanimously carried.

The chairman of the committee then read the next resolution as follows:

"WHEREAS, The weekly noonday meeting has proved a source of enthusiasm and interest in the work of the associations, and wherever inaugurated, has promoted good fellowship, the discussion of new business and civic ideas, and has greatly aided in developing the aims, objects, spirit and scope of the Association be it

"Resolved, That the National Association of Credit Men recommends to all local associations that have not already instituted these weekly meetings the advisability of inaugurating them."

Mr. F. E. Norwine, of St. Louis, moved the adoption of the resolution; seconded and unanimously carried.

The chairman of the Committee on Resolutions then read the next resolution as follows:

"WHEREAS, For several years past the *Daily Trade Record* of New York City, has at considerable expense reported in detail the proceedings of the annual conventions of this Association, and also throughout the year publishes news of the various local branches; therefore, be it

"Resolved, That the National Association of Credit Men in convention assembled extends to the management of the *Daily Trade Record* and to its representatives, its full appreciation of the enterprise displayed in giving wide and accurate publicity to the work of the National Association of Credit Men and its affiliated branches."

Mr. Howard Marshall, of New York, moved the adoption of the resolution. Mr. D. E. Humphrey, of Chicago, seconded the motion which was unanimously carried.

The chairman of the committee then read the next resolution as follows:



*"Resolved, By the National Association of Credit Men in annual convention assembled at New Orleans, Louisiana, that we endorse the uniform bill of lading law and the uniform transfer of shares of stock in private corporations law, completed and sent out in 1909 by the National Conference of Commissioners on Uniform State Laws, and we recommend their adoption by the legislatures of the various states and territories and insular possessions of the United States, and by the Congress of the United States for the District of Columbia and Alaska."*

Mr. T. J. Bartlette, of New Orleans, moved the adoption of the resolution. Motion seconded and unanimously carried.

The chairman of the committee then read the next resolution as follows:

*"WHEREAS, A bill has been introduced in Congress known as the Moon bill, which provides for the increase of the salaries of federal judges, as follows:*

Chief Justice of Supreme Court from \$13,000 to \$18,000.

Associate Justices of Supreme Court, \$12,500 to \$17,500.

Circuit Judges, \$7,000 to \$10,000.

District Judges, \$6,000 to \$9,000.

A total increase of \$400,000, and

*"WHEREAS, The present salaries of judges are inadequate from every viewpoint, now be it*

*"Resolved, By the National Association of Credit Men in convention assembled that we favor and support the said bill for said increases of the salaries of federal judges, and request the members of this Association to write to their Representatives and Senators in Congress, urging the passage of said bill."*

Mr. Howard Marshall, New York—This is a resolution offered as recommended by the Committee on Bankruptcy, whose report was read the other day, and I take pleasure in behalf of New York in asking the adoption of that resolution.

Seconded and unanimously carried.

The chairman of the committee then read the next resolution as follows:

*"WHEREAS, A certain class of dealers does not hesitate to cancel orders for goods in process of manufacture or even after completed and ready for shipment though such goods may have been made according to dealers' specifications weeks and in some cases months in advance of cancellation notice, and*

*"WHEREAS, Said class of dealers also makes a practice on slight pretext and with no valid reason of returning goods made specially to their order, be it*

*"Resolved, By the National Association of Credit Men in convention assembled that this problem should be given serious consideration by the Board of Directors with a view to formulating a plan looking to the elimination of the cancellation evil, and further be it*

*"Resolved, That such plan of action as the board determines upon be given the widest publicity through various trade papers as well as by circulars which shall be furnished to the members of local associations for distribution to their trade."*

Motion made, seconded and unanimously carried adopting the resolution.

The chairman of the committee then read the next resolution as follows:

"WHEREAS, The reading of reports of standing committees which are printed and placed in the hands of all delegates at these conventions, consumes valuable time and the reports are presented when but a small percentage of delegates are in their places, and

"WHEREAS, The limited time at the disposal of the members does not permit the full and free discussion of the resolutions offered in the committee reports, be it

*"Resolved*, That it is the sentiment of this convention that hereafter the reports and their attendant resolutions be printed and distributed as at present, but that the resolutions only be read and the objects explained by the chairman of the committee from which they emanate, and that more time be devoted to the hearing of addresses and less time to the unnecessary and superfluous reading of reports."

Motion made, seconded and unanimously carried adopting the resolution.

The chairman of the committee then read the next resolution as follows:

"WHEREAS, The retail merchants of the country, the development of whose business is of great importance to our smaller towns have on many occasions voiced their opposition to the parcels post, be it

*"Resolved*, That the National Association of Credit Men express its opposition to parcels post as inimical to the best interests of the retail trade and hurtful to our smaller towns and that the Board of Directors be asked to give force to this resolution in appropriate manner."

Mr. W. C. Kennedy, Los Angeles—It is a mistake, to stand in the way of economic progress in postal matters. The forces opposing progress in the parcels post matter are largely those of retrogression and comprise representatives of express companies and certain retailers who for selfish purposes would disregard the principle of the greatest good for the largest number, and for that reason I move the following amendment:

*"Resolved*, That it is the sense of the National Association of Credit Men in convention assembled that any parcels post law passed by Congress should provide a postal rate proportionate to the cost of service."

Amendment seconded by Mr. Marshall.

Mr. Gaehr, of Cleveland, moved to table Mr. Kennedy's amendment.

Mr. Gaehr's motion was seconded and a motion being put it was voted to table the amendment as offered.

Mr. James F. Jordan, Minneapolis—I move the adoption of the resolution as presented by the committee.

Seconded by Mr. F. A. Smith, of Chicago.

(Original resolution reread.)

Mr. E. D. Flannery, New York—I move that this resolution be referred back to the committee for further consideration.

Motion seconded.

President McAdow—That is out of order.

Mr. Marshall—I move to lay the resolution just read on the table. I refer to the resolution of Mr. Jordan.

Motion seconded.

(Motion put to vote and lost.)

President McAdow—The motion of Mr. Jordan is now before the house.

Mr. A. N. Ritz, Milwaukee—I move that the resolution be laid on the table.

President McAdow—That motion is out of order. It is a second motion to do the same thing.

Mr. Ritz—My motion is in regard to the resolution as offered by the committee. The other was in regard to Mr. Jordan's motion.

President McAdow—Chair rules that it is only through Mr. Jordan's motion that the proposed resolution came before the house, and the motion to table Mr. Jordan's motion has been defeated.

Mr. O. G. Fessenden, New York—I think we ought to consider this resolution very carefully. It seems to me that we are trying to regulate the business of the world and getting out of our particular province. I believe there are certain objects in this Association which we can work for and receive benefit from; but when we try to regulate this, that and the other thing, we will have so much on our hands that we will never get through. (Applause.)

Mr. Jordan—I agree that we do not want to take up so many things, but I feel that when a question comes before us affecting every community throughout the United States where the credit men of this country are getting their business, when a question of the magnitude of the parcels post comes up, which means the building up of great supply houses, and the sending through the mails at the expense of all the people of packages unsight and unseen, and giving the local merchant from whom you and all of us are getting our business the "turn-down," then it becomes a matter of our business, and I believe that we are justified in voicing our opposition to it. (Great applause.)

Mr. Curtis R. Burnett, Newark—I am connected with a house that deals in commodities that cannot be transported by mail and therefore am not interested one way or the other, but as a member of this Association and knowing the wide diversity of opinion and judgment on the postal bill, I feel that it would be altogether a mistake for us to express our opinion one way or the other on such an important subject. You cannot have unanimity. If we were all of one mind it would be very well for us to go on record and have it spread throughout the country that we either favored or opposed this bill; but as all of us know, it is something we had better not tackle, and I trust the resolution will be voted down.

Mr. T. J. Bartlette, New Orleans—It seems to me that this matter has not been sufficiently discussed to be fully understood by this convention and I therefore move that the matter be referred to the Board of Directors with full power to act in regard to it.

President McAdow—Do you offer that as a substitute for the motion before the house?

Mr. Bartlette—Yes, that the whole matter be referred to the board, so that it can be carefully threshed out, and whatever action they take in it will be authorized by this convention.

Mr. S. G. Rosson, Baltimore—I believe most of us have a pretty good idea of what the parcels post proposition means to merchants and I do not see any reason why we should shift our responsibilities to anybody else. (Applause.) We are in this convention for the

purpose of legislating for our interests and the interests of the country. If the matter is referred to the Board of Directors, as the board meets but twice a year, the delay in having them consider the parcels post proposition will be too great. Let us deal with the matter ourselves now. We have built up this country with our business, and we have our investments, and we should protect them, and I believe it is the business of this Association to maintain our own institutions, and I move the adoption of the resolution.

Mr. F. H. Randel, Cleveland—I will ask that the last part of the resolution be reread.

(Resolution reread.)

Mr. Randel—I think the amendment offered by our friend from New Orleans is superfluous.

Mr. W. C. Kennedy, Los Angeles—This question has brought up more opposition than any other matter presented at this convention. You see that there are a good many of us who believe that the majority here are on the wrong track, and I suggest and make the motion that this resolution be referred back to the resolution committee to be reported at the next convention.

(Voices—No; no.)

Mr. C. T. Sullivan, Nashville—The gentleman who has just addressed the convention, as I understand from the proceedings in the committee meeting this morning, has no commodity that can be affected by this bill. The people in my line of business this bill will affect vitally; it will bring us in opposition with "joblot" houses who send out catalogues, and will affect the country merchants with whom we deal, and therefore, I move the adoption of the resolution as read by the chairman of the Committee on Resolutions.

Mr. W. D. Williams, Kansas City—It seems from the volume of noise that the majority are in favor of this resolution, but I am opposed to it, and I submit that this is not a matter for credit men to wrestle with.

Mr. F. B. Brown, Indianapolis—I take exception to the words of the last speaker. It is a problem with which we ought to wrestle. Most of us are credit men for houses that deal in commodities that are sold to country stores and if we do not have any business, we won't have any jobs as credit men. We might as well feed poison to chickens, if we were in the chicken business, as to allow a parcels post bill to be passed. It would mean the death of more than half the little country stores that a great portion of us get our sustenance from.

President McAdow—The motion is that of Mr. Jordan that the resolution as presented by the committee on resolutions be adopted. The motion is seconded. Motion put and carried.

The chairman of the Committee on Resolutions then read the next resolution as follows:

"WHEREAS, The National Association of Credit Men at the convention held in Chicago in 1907 advocated one cent letter postage, be it

"Resolved, That we re-affirm the resolution of the Chicago convention relating to postal matters and request the Board of Directors to carry into effect the purpose of said resolution at the proper time."

Mr. Gahr, of Cleveland, moved the adoption of the resolution. Motion seconded and carried.



The chairman of the committee then read the following resolution:

"WHEREAS, The officials and engineers in charge of the construction of the Panama Canal have announced that it will be completed and open for commerce in 1915, and

"WHEREAS, A universal desire has been expressed throughout the country that this magnificent engineering feat, the greatest achievement ever accomplished, should be fittingly celebrated in a practical way that will enable the world to profit by it, and the United States to receive due consideration and advantage for the unselfish expenditure of several hundred million dollars, not for itself alone, but for the commercial benefit of the whole world, and

"WHEREAS, Practically the unanimous sentiment of the President of the United States and other officials, and the members of Congress, and the American people generally, is that no celebration of the completion of the canal can produce such immediate and beneficial results as the holding of an exposition, where the people of the world can be brought closer together through this union of the Atlantic and Pacific the East and the West and can meet and confer with each other and exhibit the resources and products of their several countries; be it

*"Resolved,* That we cordially approve of the idea of a World's Panama Exposition, and pledge it our hearty support and assistance; and be it further

*"Resolved,* That we see in New Orleans the Logical Point for such exposition, by reason of its proximity to the canal and because it is the gateway for a great part of the import and export commerce of these United States with the countries south of us and with the world; easily reached from all points in this continent, North, Central and South America; the only city equipped to carry through the exposition and entertain the million visitors, and in population, climate, manner and every other respect the one city fulfilling every condition required for the holding of a successful Panama Exposition; therefore, for these reasons, we heartily endorse New Orleans as the Exposition City for 1915; promise it our aid and assistance and unite in urging all the other organizations of the country, exchanges, associations, clubs, leagues, unions, etc., to give us their co-operation in securing its complete success to the honor and advantage of the United States, of the continent of America and the whole world,

*"Resolved,* That a copy of this preamble and of these resolutions be sent to the Senators and Representatives in the National Congress with request that they assist in carrying out their letter and spirit; and that a copy be also sent to the World's Panama Exposition Company at New Orleans, Louisiana."

Mr. George K. Smith, New Orleans—I move the adoption of this resolution as read. (Great applause.)

Mr. F. W. Risque, St. Louis—I second the motion.

Mr. Fred B. McComas, Los Angeles—I must confess that Los Angeles is in bad. We have got to admit that before we start in. Gentlemen, we have the proxies of San Francisco—I did not say it very loud, but we have got them here just the same. Now, we have accepted the hospitality of Brother Smith and his co-workers, and it is great. I told him we never wanted the convention at Los Angeles because New Orleans had set too high a standard. We have listened to the oratory of Mr. Bartlette and are overwhelmed with it; we have been down on gin-fizz alley and have had those gin-fizzes,

and have been all around to see if the others are just as good, and we are affected by the whole proposition, but I want to tell you that every night Mr. Levi and I draw circles on the wall and put in the center "Logical Position." But don't bring up a proposition like this here; this is not the place for it. We are not going to offer a substitute, and we are not going to put in any motion of any kind; we are just going to leave this to your good common sense, and ask you if this is the place to pass a resolution like that—with all due respect to Brother Bartlette, Brother Smith, the gin-fizzes, the logical conclusion, the fine ladies and the ride on the Mississippi. Gentlemen, I thank you. (Great laughter and applause.)

Motion to adopt resolution put and lost.

The chairman of the committee then read the following resolution:

"WHEREAS, It has been our great privilege to have with us at this convention a most gratifying number of lady visitors, whose presence has contributed in no small sense to its pleasure and success; and

"WHEREAS, We are everlastingly indebted to the ladies of New Orleans, whose generous and cordial hospitality has made their visit a source of continuing enjoyment and congratulation, therefore be it

"Resolved, That we extend our most grateful appreciation to those who have come from afar, at the same time tendering the ladies of New Orleans our unconditional surrender to the combined grace and charm of France, Spain and the fair Southland."

Motion made, seconded and unanimously carried by rising vote, with three cheers for the ladies.

The chairman of the committee then read the following resolution:

"WHEREAS, The New Orleans Credit Men's Association has given freely of its time and substance in the cause of this, our fifteenth annual convention, and placed the national body under lasting obligations for the resulting success; and

"WHEREAS, It is not only meet, right and our bounden duty, but it is also our sincere pleasure to record our appreciation of the generous and able manner in which every detail has been handled, and everyone provided for; therefore be it

"Resolved, That we accord to the members of the New Orleans Credit Men's Association the fullest possible measure of thanks for the privilege of becoming better acquainted with them, and with this quaint and beautiful city of theirs, in whose continued and rapid growth we pledge our faith; it being the sense of this convention that its session of 1910 will prove to be one more than well worth while."

Mr. Howard Marshall, New York—I move the adoption of the resolution and that the form of our vote shall be three cheers for New Orleans.

Motion seconded and unanimously carried.

President McAdow—That motion is carried and nailed down.

Unfinished business is next in order and the chair requests that as far as possible the delegates shall remain in the hall till the remainder of the session as we have several important matters to take up.

Secretary Meek—There is no unfinished business.

President McAdow—We will then pass to the last order of business on the program, miscellaneous business. The secretary will present any miscellaneous business there may be.

Secretary Meek—It is proposed that Article 6 of the Constitution be amended so that it will read as follows. The new matter in the resolution is indicated by capital letters:

“Each affiliated association HAVING A MEMBERSHIP OF LESS THAN FIVE HUNDRED shall be entitled in annual convention to one delegate for every fifteen members or fraction thereof. EACH AFFILIATED ASSOCIATION HAVING A MEMBERSHIP OF FIVE HUNDRED OR MORE SHALL BE ENTITLED IN ANNUAL CONVENTION TO ONE DELEGATE FOR EVERY THIRTY MEMBERS OR FRACTION THEREOF.

“Each delegate shall at an annual convention be entitled to poll one vote for each member he may represent. Any delegate present at an annual convention may also be designated by the association he represents to act as alternate for one or more delegates from the same association not attending such annual convention, and when so designated, such delegate in addition to his vote as delegate, shall have the right to vote as alternate for such non-attending delegates. Each individual member present at an annual convention shall be entitled to one vote, provided he is not a delegate of a local association.

“Individual members not present shall be entitled to vote by proxy; provided, however, that the holder and giver of the proxy shall be residents of the same State.

“No salaried officer or employee of the Association shall have the right to hold a proxy.”

President McAdow—The regularly required notice has been given in regard to this amendment, and it is now before you for action. What is the pleasure of the convention?

Mr. James E. Porter, Pittsburgh—I would like to ask for an explanation of the object of that amendment.

Mr. A. J. Gaehr, Cleveland—I wish to move the adoption of the following amendment:

“Each affiliated branch shall be entitled in annual convention to one delegate for every fifteen members or fraction thereof on a membership up to and including 300. In addition thereto affiliated branches having a membership of more than 300, shall be entitled in annual convention to one delegate for every thirty members or fraction thereof, in excess of 300. The time of determining the number of delegates each affiliated branch is entitled to, shall be the first day of the calendar month during which the annual convention is held.”

Mr. Howard Marshall, New York—I second the motion for the adoption of this substitute for the amendment as read. This amendment affects only the associations whose membership is in excess of 500. We have had a conference between the president of the local associations who have a membership of over 500, and we have thought that the substitute offered by Mr. Gaehr would work out more satisfactorily. In New York we have a membership of over 1,000. It entitles us to 67 delegates. We do not need so many delegates. The expense of transportation is large and it is sometimes difficult to get the attendance of so many delegates, and then, too, I think that we should be careful not to get our conventions into such shape as to

be unwieldy. Now, those local associations whose membership is in excess of 500 are quite satisfied to accept the substitute offered by Mr. Gaeher. You understand we have exactly the same representation so far as voting is concerned. For every 15 members up to 300 we have one delegate, and in excess of 300 we have one delegate for every 30 members, which tends to keep the size of delegations within reasonable bounds. I second the motion of Mr. Gaeher to adopt his substitute.

President McAdow—The chair was going on the assumption that the original amendment as proposed had gone through the process required by the constitution, and therefore a motion to adopt was not formally in order. Now, the substitute has been moved and seconded. It is therefore open to debate.

Mr. S. J. Whitlock, Chicago—We heartily endorse this amendment as made by Mr. Gaeher, of Cleveland. We in Chicago feel that it is impossible to bring to the convention the entire number of delegates assigned us under the present constitution, which now, with our membership of 901 would give us 60 delegates. It is a large expense to the association to send so many, and we are, therefore, heartily in accord with this amendment by means of which the delegation will be cut down to reasonable proportions; and I heartily second the amendment.

Mr. A. J. Gaeher—Without the amendment the expense will be great, not only to the associations represented, but there has been an increased expense from time to time to the associations that entertain us. I know there are smaller associations that would like to entertain us but feel that the expense is too great. I believe the matter will work out very fairly. I do not know of any association that has ever sent in its full quota of delegates, so in effect the proposed change does not mean very much.

The motion to adopt Mr. Gaeher's substitute was then put and unanimously carried.

President McAdow—The substitute is adopted unanimously and is part of the constitution.

Secretary Meek—The proposed amendment to Article 10 of the Constitution, having to do with standing committees, dividing the Committee on Mercantile Agency and Credit Co-operation so that we will have Committee E as Mercantile Agency Committee, and Committee L as Committee on Credit Co-operation, makes that article read as follows, the new matter being in capitals:

#### "ARTICLE X.

##### STANDING COMMITTEES.

The standing committees shall be:

- A. Legislative.
- B. Bankruptcy.
- C. Adjustment Bureau.
- D. Membership.
- E. MERCANTILE AGENCY.
- F. Business Literature.
- G. Credit Department Methods.
- H. Investigation and Prosecution.
- J. Fire Insurance.
- K. Banking and Currency.
- L. CREDIT CO-OPERATION.



"The committees shall be appointed by the president as soon as possible after the annual convention, subject to the approval of the Board of Directors."

President McAdow—This amendment has received the proper notice.

Mr. Samuel Mayer, Cincinnati—I move the adoption of the amendment.

Seconded and unanimously carried.

President McAdow—When our work is concluded we want to adjourn without day, if we can so arrange it, but it may be necessary to take a short intermission in order to get the report of the tellers. Therefore be patient, because if we can get the report now during this session it will make it unnecessary to reconvene in order to hear that report before we have our final adjournment.

Mr. T. J. Bartlette, New Orleans—*Mr. President and Delegates of the National Association:*

It has come to my ears that the lady delegates here have come in company with their husbands and brothers and cousins, but they want it thoroughly understood that they come here as an independent delegation. Much to my surprise I find that every lady who came here as a visitor belongs to that organization which is known in England as suffragettes. They want to show that they can do just as well as men can do. As far as I am personally concerned I know that they can do a great deal better. They have held an indignation meeting, presided over by the president of the Lemon Club, of which I am an unworthy member, and those suffragettes have risen in revolt, and are going to show the ladies of New Orleans how to conduct the affairs of home hereafter, and they are going to have another smoker in the Palm Garden of the St. Charles Hotel. I believe that men are absolutely prohibited from being present. Anything with the appearance of a man, I do not care how small and insignificant he is, cannot gain admission to that palm garden to-night. It will be solely and absolutely in the hands of the suffragettes, and that will leave us men free, and we will then go and enjoy our smoker at the Athenæum. (Great applause.)

(Intermission of half an hour.)

Mr. Bartlette—My announcement has excited some apprehension. A gentleman we all know and esteem, has stated to me that the announcement has created a difficulty which threatens to disrupt his home and sever all the pleasant family ties, and the question has been submitted to me. The question is as to whether the ladies after their smoker are to go up to the Athenæum and bring the gentlemen home or if the gentlemen are to desert their smoker and go down to the palm garden and escort the ladies home. Now, Mr. President, there is one rule that I have in life. Although my friends come to me frequently for advice, and I am always ready to do the best I can for them, but that rule as to giving advice is absolutely fixed and inexorable, and that is, that I never interfere where a petticoat is concerned. I have long ago recognized the fact that there are three great powers which rule this world, the press, pulpit and the petticoat, and the greatest of these is the petticoat; and the ladies in this case I advise may do exactly as they wish. (Applause.)

President McAdow—With the consent of the convention, I will ask Brother Levi, of Philadelphia, to come forward and be a minute man just at this time. (Applause.)

Mr. Gerson L. Levi—*Gentlemen of the Convention:*

This is the second time that I have had the pleasure of looking down upon the convention of the National Association of Credit Men. The last time was when the Philadelphia Credit Men's Association had the pleasure of having you as our guests in the city of Philadelphia, and I deem it an honor to the association which I represent, that the presiding officer remembered it so well, and that you received it so pleasantly. It is a reminder that the credit men of the United States sent as delegates to the convention of 1909, were sent there by their respective associations to investigate the standing of the Philadelphia Credit Men's Association. This mark of esteem at this time proves to me conclusively that your delegates returned home making a good account and saying that the Philadelphia Credit Men's Association was "O. K." for whatever credit they desire. (Applause.)

President McAdow—The tellers have ended their arduous labors, for which I certainly give them our sincere thanks. The secretary will read the result of balloting for directors.

Secretary Meek—The tellers certify that they have canvassed the vote cast for directors and have found that the following seven names have received the highest number of votes:

Newman Essick, Los Angeles, Cal.  
George K. Smith, New Orleans, La.  
William G. Walker, Boston, Mass.  
Herbert E. Choate, Atlanta, Ga.  
F. R. Salisbury, Minneapolis, Minn.  
L. B. McCausland, Wichita, Kans.  
Arthur Parsons, Salt Lake City, Utah.

(Applause.)

The Board of Directors will meet in Parlor E at 6 o'clock. While the matter of the next convention place is decided at the regular yearly meeting of the board, it has been customary at the first meeting held, usually after the adjournment of the convention, for the board to receive delegations or others interested in filing an informal notification that they desire to entertain or to have the next convention, and this evening if there are any who desire to appear before the board for that purpose, let them remember that the board meets at 6 o'clock in Parlor E.

President McAdow—We have come to the time when adjournment is in order, and before receiving the motion the chair wishes to say for himself that he thanks the delegates most sincerely for the patience and the earnest co-operation with which they have aided in the conduct of this convention.

Mr. Adolph Landauer, Milwaukee—I move that the convention now adjourn *sine die*. Seconded.

President McAdow—It is with sincere regret, after the happy days in New Orleans, that the chair puts the motion.

Motion unanimously carried.

President McAdow—The motion is carried, and the Fifteenth Annual Convention is adjourned *sine die*.

# ROSTER OF THE FIFTEENTH ANNUAL CONVENTION.

## Members Registered as Present.

### Alabama.

Birmingham—H. W. Coffin, J. A. Coker, R. H. Eggleston, B. F. Ezekiel, J. A. Millsom, M. P. Northington, R. A. Porter, H. E. Redd.  
Mobile—A. Cramer.  
Montgomery—C. J. Beane, Chas. Cahn, Bernard Frank, J. K. Loeb, E. T. Naftel, W. E. Peebles, Wm. E. Pitts, F. G. Salter, M. D. Seligman.

### California.

Los Angeles—Newman Essick, W. C. Kennedy, E. J. Levy, Fred B. McComas.

### Colorado.

Denver—Chas. Bayly, Jno. T. Brady, J. W. Cook, I. F. Downer, W. C. Hall, M. Orendorf.  
Pueblo—B. F. Scribner.

### Connecticut.

Bridgeport—George E. Melius, Guy P. Miller.  
Hartford—J. A. Butler, J. H. King, W. D. Morgan.

### Georgia.

Athens—E. Bancroft.  
Atlanta—George H. Boynton, W. D. Brady, H. S. Collingsworth, F. J. Coolidge, Jr., J. W. Harlan, J. Frank Meador, Harry T. Moore, Ralph Rosenbaum, Harry L. Schlesinger, H. B. Wey.  
Savannah—H. C. Anderson, J. G. Robertson, J. O. C. Tiedeman.

### Illinois.

Chicago—I. D. Berg, W. C. Blean, L. W. Bruce, J. K. Calhoun, F. A. Crego, C. F. Ericson, Edw. A. Erickson, D. C. Everitt, Hy. Fornoff, C. G. Frazier, H. W. Hardy, C. F. Hoerr, Geo. H. Hovey, R. J. Huffman, Walter C. Hughes, D. E. Humphrey, O. A. Ipsen, Robert J. Kane, Harry H. Keyes, L. L. Klewer, W. B. Lavinia, W. J. Lawlor, W. J. Lipsay, F. H. McAdow, W. G. McLaury, O. W. Mayer, H. H. Merrick, W. G. Moore, C. H. Newhall, L. A. Rosenfield, Thos. Rudd, Mark W. Shaw, Fred A. Smith, W. M. Turner, C. H. Warren, R. S. White, S. J. Whitlock, F. L. Wilk.  
Decatur—Geo. E. Lee, A. J. Murray.

### Indiana.

Evansville—Edward Kiechle.  
Indianapolis—F. B. Brown, E. A. Hendrickson, Victor C. Kendall, C. M. McElwaine, J. E. Stilz.

### Iowa.

Burlington—Edw. G. Koonz.  
Cedar Rapids—F. Junkermann, B. H. Witwer, II.  
Des Moines—J. M. Callander, C. R. Cownie, Earl H. Craig, M. C. Palmer.

### Kansas.

Wichita—Jno. B. House, Claude H. Neff, W. A. Story.

### Kentucky.

Lexington—C. L. Williamson.  
Louisville—Wm. F. Baumeister, Clarence Braden, M. H. Moise, J. A. Mathews.

### Louisiana.

New Orleans—Jacob Adler, J. A. Badger, Walter M. Barnett, T. J. Bartlette, L. Battistella, Robert Bensburg, Sam Blum, Geo. Blumenthal, R. H. Brooke, R. S. Brown, Horace Brownell, David Burkenroad, J. L. Cain, A. C. Carpenter, J. S. Cave, W. R. Christian, C. Robert Churchill, August J. Claverie, Charles Grimmell Cobb, F. M. Conklin, James H. Custin, H. Dabezies, H. K. Davison, Jos. Dennee, E. Dieth, Lynn H. Dinkint, J. J. Egloff, D. Ettinger, T. J. Ferguson, J. P. Ferrerò, J. C. Finney, Leon Frank, H. C. George, Louis S. Goldstein, A. Good, R. F. Grace, P. P. Hanley, Mike S. Hart, J. A. Hilliard, E. Hoehn, James P. Hoffman, B. R. Holmes, J. D. Hunter, Arthur W. Jacob, Mose Jacobs, Charles Janvier, C. C. Johnson, P. Jung, Jr., P. Jung, Sr., Chas. H. Kammer, Jules C. Koenig, D. Kohlman, A. S. Kottwitz, H. B. Lacey, Orloff Lake, P. M. Lamberton, Alex. Lamm, W. B. Lathrop, A. C. Lawder, E. Levy, Jos. Levy, Max M. Levy, Claude D. Liebman, Alex. Lisso, Emile W. Lochte, S. L. Loeb, Leopold Loeb, N. Watts Maddux, A. C. St. Marc, E. J. Marks, Isidore Marks, A. J. Marion, Richmond J. Martinez, Percy H. Moise, J. S. Monison, I. D. Moore, J. F. Muller, C. H. Neblett, Philip J. O'Brien, Gus Oertling, Francis J. Offer, Charles H. Patterson, H. C. Patterson, John T. Pender, F. H. Perkins, Jr., J. F. Peyronnin, H. Phillips, J. Ogden Pierson, Edw. Pilsbury, Pierce A. Powers, Chas. Reynolds, T. C. Rice-Wray, E. H. Roberts, J. A. Robin, Ed. Rosenberg, E. J. Ross, J. F. Roth, Geo. W. Rowbotham, Alexander M. Savage, J. V. Shan-

non, S. J. Schwartz, D. Sivewright, G. K. Smith, Charles Stewart, Wm. E. Turner, A. Ullman, St. Denis J. Villere, J. F. Walker, J. Henry Warner, Walter Weil, Leop. Welsch, C. F. Wilkinson, J. H. Winkler, W. F. Witte, H. E. Woodward, J. W. C. Wright.

#### Maryland.

Baltimore—W. K. Bartlett, Sam'l D. Buck, W. C. Burrell, A. M. Dumler, F. J. La Motte, O. D. Maxwell, W. F. McAvoy, Guy W. McConnell, S. F. Miller, Ira L. Morningstar, W. C. Nimmo, S. G. Rosson.

#### Massachusetts.

Boston—Daniel J. Buckley, Jos. J. Devereux, Henry H. Greene, Jno. J. Hennessey, Orrin J. Hutton, Geo. C. Morton, Wm. Q. Wales, Wm. G. Walker, Herbert A. Whiting.  
Chicopee Falls—Charles H. Leonard.  
Fitchburg—R. H. Hitchcock.

#### Michigan.

Detroit—Walter S. Campbell, E. M. Dill, Wade Millis, Murray D. Wasson.  
Grand Rapids—C. A. Benjamin, Jno. L. Benjamin, C. Gallmeyer, W. J. Kennedy, A. B. Merritt, Jno. Sehler, V. M. Tuthill.

#### Minnesota.

Duluth—W. B. Cross, R. W. Higgins, H. A. Sedgwick.  
Minneapolis—D. L. Case, J. H. Hiscock, H. D. Hudson, J. F. Jordan, O. A. Leach, A. R. McGruder, J. M. Paul, H. O. Roberts, F. R. Salisbury.  
St. Paul—J. P. Galbraith, H. K. Hutton, Orin Lord, C. D. Maclaren, H. W. Parker, D. L. Sawyer, E. Stott.

#### Mississippi.

Vicksburg—George Niemczyk.

#### Missouri.

Kansas City—H. G. Moore, C. E. Vandell, Wells B. Williams, Frank W. Yale.  
St. Joseph—J. A. Cattell, C. H. Jesberg.  
St. Louis—Geo. R. Barclay, W. J. Burton, J. W. Chilton, Geo. M. Dinges, E. H. Donk, W. J. Duggan, A. H. Fiske, A. H. Foote, Aug. E. Gilster, W. H. Grimes, H. C. Hye, J. H. Kentnor, C. W. Hughes, F. A. Hugo, Ira W. Love, C. T. Mullen, F. E. Norwine, F. W. Risque, O. W. Ropiequet, C. C. Robertson.

#### Nebraska.

Omaha—R. T. Burns.

#### New Jersey.

Newark—J. Fred Braun, Curtis R. Burnett, Frank S. Cobb, Chas. H. Sansom.

#### New York.

Buffalo—H. R. Bridgman, Jno. J. Dolphin, H. M. Edwards, W. M. Edwards, W. B. Grandison, R. C. Hill, Chas. F. Smith.  
New York City—A. H. Alexander, Wm. Crane Andrews, W. S. Armstrong, M. E. Bannin, Chas. Biggs, E. S. Boteler, Franklin H. Brown, Theo. M. Brown, C. T. Burkhardt, Chas. Compton, S. D. Conger, Jas. H. Einstein, W. W. Farish, O. G. Fessenden, E. D. Flannery, W. T. Gayle, Geo. C. Haigh, Geo. W. Hayes, R. B. Heacock, Edwin B. Heyes, Edward Hiler, Edward E. Huber, E. W. J. Kaysel, W. F. H. Koelsch, U. S. Kolby, T. A. Maguire, Howard Marshall, B. E. Martin, Henry Meckauer, Chas. E. Meek, R. P. Messiter, Geo. O'Neill, W. W. Orr, Wm. A. Prendergast, F. S. Ruth, Chas. E. Sigler, Wm. T. Simmons, F. J. Stockwell, E. C. Thayer, R. J. Wall, E. A. Whitman, H. J. B. Willis.  
Rochester—W. T. Connor, H. S. Draper, Ira D. Kingsbury, W. J. Trimble.  
Syracuse—L. John Bergman, S. J. Marshall.  
Troy—Wm. S. Greer.  
Utica—Geo. W. Oatley.

#### North Carolina.

Wilmington—J. B. Rice, L. B. Rogers.

#### North Dakota.

Fargo—A. H. Dodsley.

#### Ohio.

Cincinnati—Max Agger, Henry Bentley, Geo. Guckenberger, W. A. Hopple, W. B. Johnston, H. Juninger, Harry L. Loge, Sam'l Mayer, Wm. H. Muench.  
Cleveland—F. B. Bicknell, H. J. Bruehler, F. C. Dorn, W. B. Fish, A. J. Gehr, H. E. Hackenberg, W. H. Marshall, V. M. Moore, Harry New, Frank H. Randel, F. D. Shook, A. L. Somers, L. B. Stauffer, Fred L. Taft, A. B. Thompson.  
Columbus—W. C. Diven, H. E. Smith, T. C. Southard, E. E. Tilton, B. G. Watson.  
Dayton—Wm. F. Bippus.  
Portsmouth—J. M. Graham, J. J. Rardin.  
Toledo—Theodore Beckman, H. H. Dennis, Allen A. Smith, W. H. Snodgrass.



Youngstown—S. D. Currier, C. W. Gilgen, H. W. Grant, F. G. King, E. R. Lowry, W. C. McKain.

#### Oklahoma.

Oklahoma City—A. W. Boyd, C. C. Ingram, Eug. Miller, Jno. E. O'Neil, A. R. Parker.

#### Oregon.

Portland—L. L. Paget.

#### Pennsylvania.

Allentown—Frank D. Bittner.

New Castle—Roy M. Jamison.

Philadelphia—Wm. R. Armstrong, Leonard W. Brown, Geo. Washington Cole, D. G. Endy, Louis Fleisher, Herman O. Hark, Frank C. Lewin, G. L. Levi, Wm. S. Maddox, H. E. Moody, A. W. Pickford, Chas. G. Rapp, J. M. Stoner, Robert Walker, Chas. H. Wolf.

Pittsburgh—J. L. Boyd, Jr., Chas. H. Bunting, Geo. E. Dietz, A. C. Ellis, J. Follansbee, W. L. Jack, Isaac Jackson, J. N. Palley, Jas. E. Porter, E. N. Prugh, Enoch Rauh, W. D. Reid, B. E. Wright.

#### Tennessee.

Memphis—Gus Baumgarten, C. R. Brown, G. H. Brown, W. B. Cleveland, R. L. Crofton, Edward S. Elliott, Chas. S. Faxon, H. A. Ferris, C. C. Jones, W. R. King, Wm. Orgill, J. R. Paine, W. E. Stansbury, W. A. Williford.

Nashville—E. C. Boykin, R. P. Crockett, Geo. E. Finnegan, E. O. Harris, Ben Lindauer, A. H. Meyer, J. H. Orr, J. D. Partlow, Lamar Pound, H. Solinsky, C. T. Sullivan, Geo. M. Thomas, Bernard Weinbaum.

#### Texas.

Dallas—H. S. Keating, J. Polk Kelley.  
El Paso—Jas. A. Dick.

Ft. Worth—E. E. Bewley, Geo. W. Curtis, H. R. Elbert, H. L. Hendrick, Geo. Q. McGown, Wm. Monnig.

Houston—H. A. Neumann, D. D. Peden.  
Quanah—J. L. McNees.

#### Utah.

Salt Lake City—Jos. Johnson, Arthur Parsons, E. H. Sparks, Jr.

#### Virginia.

Norfolk—Henry G. Barbee.

Richmond—L. G. Chelf.

#### Washington.

Seattle—J. T. Colwell, J. E. Galbraith, H. S. Gaunce, J. W. Spangler, O. L. Wood.

Spokane—J. B. Campbell, A. R. Morton.

#### West Virginia.

Charleston—Clark Howell.

Wheeling—E. S. Dyer.

#### Wisconsin.

Milwaukee—H. M. Battin, T. E. Brennan, Geo. S. Campbell, W. W. Hiller, Oscar Kasten, A. Landauer, Oscar Loeffler, F. J. Meyers, M. Miller, Wm. F. Rediske, A. N. Ritz, R. L. Stone, W. B. Strong, W. W. Wallace, S. Fred Wetzler.

Sheboygan—Aloys G. Casper.

#### Summary of Registration.

Members present .....	518
Ladies and visitors present.....	248
Total .....	766

## Directory of Officers of the Affiliated Branches of the National Association of Credit Men.

- ATLANTA, GA.**—The Credit Men's Association of Atlanta. President, Ralph Rosenbaum, Atlanta Woodenware Co.; Secretary, E. L. Rhodes, Ernest L. Rhodes & Co.
- BALTIMORE, MD.**—The Credit Men's Association of Baltimore. President, Geo. L. Irvin, Carlin & Fulton; Secretary, S. D. Buck, 100 Hopkins Pl.
- BIRMINGHAM, ALA.**—Birmingham Credit Men's Association. President, H. W. Coffin, Moore & Handley Hdw. Co.; Secretary, G. B. McVay, Amzi Godden Seed Co.; Assistant Secretary, R. H. Eggleston.
- BOISE, IDAHO.**—The Boise Association of Credit Men, Ltd. President, J. G. H. Graveley, Capital Brokerage and Comm. Co.; Secretary, D. J. A. Dirks, 12-14 I. O. O. F. Temple.
- BOSTON, MASS.**—Boston Credit Men's Association. President, William O. Wales, Brown-Wales Co.; Secretary, Herbert A. Whiting, 77 Summer St.
- BUFFALO, N. Y.**—Buffalo Credit Men's Association. President, John J. Dolphin, Jacob Dold Packing Co.; Secretary, Wilbur B. Grandison, 78 Erie County Bank Bldg.
- BUTTE, MONT.**—Butte Association of Credit Men. President, Chas. E. Virden, Ryan & Virden Co.; Secretary, R. Frank Casey, Casey Candy Co.; Assistant Secretary, Guy C. Davidson, Ind. Tel. Bldg.
- CEDAR RAPIDS, IA.**—Cedar Rapids Association of Credit Men. President, O. C. Olney, Cedar Rapids Candy Co.; Secretary, Thos. B. Powell, Magnus Block.
- CHARLESTON, W. VA.**—Charleston Association of Credit Men. President, E. A. Barnes, Abney-Barnes Co.; Secretary, Clark Howell, Capital City Supply Co.
- CHICAGO, ILL.**—The Chicago Credit Men's Association. President, S. J. Whitlock, Belding Bros. & Co.; Secretary, O. A. Ipsen, 218 La Salle St.
- CINCINNATI, O.**—The Cincinnati Association of Credit Men. President, W. B. Johnston, P. R. Mitchell Co.; Secretary, Henry Bentley, 614 Mercantile Library Bldg.
- CLEVELAND, O.**—Cleveland Association of Credit Men. President, A. J. Gaeher, Geo. Worthington Co.; Secretary, H. J. Bruehler, 505 Chamber of Commerce Bldg.
- COLUMBUS, O.**—Columbus Credit Men's Association. President, H. E. Smith, Columbus Merchandise Co.; Secretary, Benson G. Watson, 601-605 The New First National Bank Bldg.
- DALLAS, TEX.**—Dallas Association of Credit Men. President, H. S. Keating, Keating I. & M. Co.; Secretary, W. P. Peter, 904-906 Praetorian Bldg.
- DAVENPORT, IA.**—Davenport Association of Credit Men. President, George W. Noth, Davenport Bag & Paper Co.; Secretary, Isaac Petersberger, 222 Lane Bldg.
- DECATUR, ILL.**—Decatur-Springfield Association of Credit Men. President, A. J. Murray, National Grocer Co.; Secretary, Omer Fightmaster, Mueller, Platt & Wheeland Co., Decatur, Ill.
- DENVER, COLO.**—The Denver Credit Men's Association. President, Chas. Bayly, Bayly-Allen Merc. Co.; Secretary, H. J. Thomas, Geo. Tritch Hdw. Co.; Assistant Secretary, H. A. C. Mathew, 407-408 Sugar Bldg.
- DES MOINES, IA.**—Des Moines Credit Men's Association. President, M. C. Palmer, Des Moines Saddlery Co.; Secretary, C. R. Cownie, Cownie Tanning Co.
- DETROIT, MICH.**—Detroit Credit Men's Association. President, Wade Millis, 1403 Ford Bldg.; Secretary, W. S. Campbell, 600 Moffat Bldg.
- DULUTH, MINN.**—The Jobbers' Credit Association. (Duluth-Superior). President, W. B. Cross, F. A. Patrick & Co.; Secretary, W. L. Mackay, Stone-Ordean-Wells Co.; Assistant Secretary, M. A. McNaughton, Jobbers' Credit Association.
- EL PASO, TEX.**—El Paso Association of Credit Men. President, James A. Dick, The James A. Dick Co.; Secretary, H. E. Christie.
- FARGO, N. D.**—Fargo Association of Credit Men. President, Nelson A. Burdick, Hall-Robertson Hdw. Co.; Secretary, H. L. Loomis, N. Y. Mutual Savings and Loan Assn.
- FORT SMITH, ARK.**—Fort Smith Association of Credit Men. President, T. C. Davis, Reynolds, Davis & Co.; Secretary, Ben D. Kimpel, 606 Merchants National Bank Bldg.
- FORT WORTH, TEX.**—Fort Worth Association of Credit Men. President, Wm. James, T. R. James & Son; Secretary, George Q. McGown, Reynolds Bldg.
- GRAND RAPIDS, MICH.**—Grand Rapids Credit Men's Association. President, V. M. Tuthill, Baldwin, Tuthill & Bolton; Secretary, A. K. Tyson, Powers-Tyson Printing Co.
- HOUSTON, TEX.**—Houston Association of Credit Men. President, J. B. Adoue, Adoue-Blaine Hdw. Co.; Secretary, M. R. Robson, Schumacher Grocery Co.
- INDIANAPOLIS, IND.**—Indianapolis Association of Credit Men. President, F. B. Brown, Geddes, Brown & Co.; Secretary, C. N. Hawkins, A. P. Hendrickson Hat Co.
- JACKSONVILLE, FLA.**—Jacksonville Credit Men's Association. President, R. V. Covington, Covington Co.; Secretary, J. C. Darby, W. A. Bours & Co.
- KANSAS CITY, MO.**—Kansas City Association of Credit Men. President, James McQueeney, Loose-Wiles Biscuit Co.; Secretary, Frank W. Yale, 315 Dwight Bldg.
- LEXINGTON, KY.**—Lexington Credit Men's Association. President, J. Clay Hunt, Bryan, Goodwin & Hunt; Secretary, C. L. Williamson, McClelland Bldg.
- LINCOLN, NEB.**—Lincoln Credit Men's Association. President, Chas. Herman, Herman Bros. Co.; Secretary, E. G. Evans, Henkle & Joyce Hdw. Co.
- LITTLE ROCK, ARK.**—Little Rock Association of Credit Men. President, Max Mayer, Scott-Mayer Commission Co.; Secretary, Frank T. Longley, 219½ Main St.
- LOS ANGELES, CAL.**—Los Angeles Credit Men's Association. President, Warren C. Kennedy, Baker Iron Works; Secretary, W. C. Mushet, 600 Equitable Savings Bank Bldg.
- LOUISVILLE, KY.**—Louisville Credit Men's Association. President, J. A. Mathews, Brinly-Hardy Co.; Secretary, Wm. F. Baumeister, U. S. Trust Co. Bldg.
- LYNCHBURG, VA.**—Lynchburg Credit Men's Association. President, Edward F. Sheffey, Craddock-Terry Co.; Secretary, J. M. Funkhouser, Smith-Briscoe Shoe Co.
- MEMPHIS, TENN.**—The Memphis Credit Men's Association. President, J. R. Paine, White-Wilson-Drew Co.; Secretary, W. B. Cleveland, Business Men's Club Bldg.
- MILWAUKEE, WIS.**—The Milwaukee Association of Credit Men. President, M. A. Graettinger, Merchants and Manufacturers Bank; Secretary, H. M. Battin, 610 Germania Bldg.

- MINNEAPOLIS, MINN.**—Minneapolis Credit Men's Association. President, F. E. Holton, Northwestern National Bank; Secretary, M. C. Badger, Patterson & Stevenson Co.
- MONTGOMERY, ALA.**—Montgomery Association of Credit Men. President, F. G. Salter, Durr Drug Co.; Secretary, Wm. E. Pitts, Levy, Wolf & Pitts Shoe Co.
- NASHVILLE, TENN.**—Nashville Credit Men's Association. President, Harris Solinsky, Harris Solinsky & Co.; Secretary, George M. Thomas, 307 Stahlman Bldg.; Assistant Secretary, Charles H. Warwick.
- NEWARK, N. J.**—Newark Association of Credit Men. President, C. H. Sansom, C. B. Smith & Co.; Secretary, J. Fred Braun, J. J. Hockenjos Co.
- NEW CASTLE, PA.**—New Castle Association of Credit Men. President, S. P. Smith, Smith-Daggett-Kurtz Co.; Secretary, Roy M. Jamison, 509 Greer Block.
- NEW ORLEANS, LA.**—New Orleans Credit Men's Association. President, George K. Smith, Simonds Mfg. Co., Ltd.; Secretary, T. J. Bartlette, Williams, Richardson & Co., Ltd.
- NEW YORK, N. Y.**—The New York Credit Men's Association. President, Howard Marshall, Joseph Wild & Co., 366 Fifth Ave.; Secretary, A. H. Alexander, 320 Broadway.
- NORFOLK, VA.**—Norfolk Association of Credit Men. President, H. G. Barbee, Harris-Woodson Co.; Secretary, C. L. Whichard, Whichard Brothers Co.
- OKLAHOMA CITY, OKLA.**—Oklahoma City Credit Men's Association. President, A. R. Parker, Williamson-Halsell-Frasier Co.; Secretary, Clyde G. Young, Patterson & Hoffman Cigar Co. Assistant Secretary, George F. Dean, Chamber of Commerce Bldg.
- OMAHA, NEB.**—The Omaha Association of Credit Men. President, John Duff, Hayward Bros. Shoe Co.; Secretary, E. G. Jones, Credit Clearing House.
- PHILADELPHIA, PA.**—The Philadelphia Credit Men's Association. President, D. G. Endy, Artman-Treichler Co.; Secretary, S. W. Severson, Room 801, 1011 Chestnut St.
- PITTSBURGH, PA.**—Pittsburgh Association of Credit Men. President, Enoch Rauh, Rauh Bros. & Co.; Secretary, A. C. Ellis, Renshaw Bldg.; Assistant Secretary, A. C. Bunce, Renshaw Bldg.
- PORTLAND, ORE.**—Portland Association of Credit Men. President, L. L. Paget, Fleischner, Meyer & Co.; Secretary, L. B. Smith, Fleischner, Meyer & Co.
- PUEBLO, COLO.**—Pueblo Association of Credit Men. President, W. F. Nelson, The Nuckolls Packing Co.; Secretary, L. S. Hyde, The Rood Candy Co.
- RICHMOND, VA.**—Richmond Credit Men's Association. President, W. B. Broadus, Etchison Hat Co.; Secretary, Jo. Lane Stern, 1014 Main St.
- ROCHESTER, N. Y.**—The Rochester Credit Men's Association. President, W. T. Connor, Steffel, Strauss & Connor; Secretary, Edward Weter, Yawman & Erbe Mfg. Co.
- ST. JOSEPH, MO.**—St. Joseph Credit Men's Association. President, E. D. Plummer, Richardson Dry Goods Co.; Secretary, B. F. Johnson, Rossi Saddlery Co.
- ST. LOUIS, MO.**—The St. Louis Association of Credit Men. President, C. C. Robertson, Woodward & Tiernan Printing Co.; Secretary, A. H. Foote, 809 Mercantile Bldg.
- ST. PAUL, MINN.**—St. Paul Credit Men's Association. President, H. W. Parker, Merchant's National Bank; Secretary, W. H. Mingaye, T. L. Blood & Co.
- SALT LAKE CITY, UTAH.**—The Utah Association of Credit Men. President, Arthur Parsons; Secretary, P. L. Doran, Symms Utah Grocer Co.; Assistant Secretary and Manager, Geo. E. Forrester, P. O. Box 886.
- SAN ANTONIO, TEX.**—San Antonio Association of Credit Men. President, Jake Wolff, J. Oppenheimer & Co.; Secretary, Geo. T. Allensworth, Allensworth Carnahan Co.
- SAN DIEGO, CAL.**—The Credit Association of San Diego. President, Jarvis L. Doyle, Doyle-Barnes Co.; Secretary, G. F. Hoff, 403 Union Bldg.
- SAN FRANCISCO, CAL.**—San Francisco Credit Men's Association. President, Thos. M. Earl, Nolan-Earl Shoe Co.; Secretary, Ben Armer, 499 Monadnock Bldg.
- SAVANNAH, GA.**—Savannah Credit Men's Association. President, Marvin O'Neil, Meinhard, Schaul & Co.; Secretary, A. G. Newton, Credit Clearing House.
- SEATTLE, WASH.**—Seattle Association of Credit Men. President, J. W. Spangler, Dexter Horton National Bank; Secretary, H. S. Gaunce, The Hambach Company.
- SPOKANE, WASH.**—Spokane Merchant's Association. President, A. W. Doland, Spokane Drug Co.; Secretary, J. B. Campbell, 610 Empire State Bldg.
- SYRACUSE, N. Y.**—Syracuse Association of Credit Men. President, L. John Bergman, 109 So. Lowell Ave.; Secretary, R. B. Roantree, Benedict Mfg. Co., East Syracuse.
- TACOMA, WASH.**—Tacoma Association of Credit Men. President, E. R. Rogers, The Rogers Co.; Secretary, J. D. Benner, Bank of California Bldg.
- TOLEDO, O.**—Toledo Association of Credit Men. President, C. F. Weiler, Perfection Shirt Waist Co.; Secretary, Lewis B. Hall, 1226 Nicholas Bldg.
- UTICA, N. Y.**—Utica Association of Credit Men. President, A. H. Dobson, Charles Millar & Son Co.; Secretary, John P. Williams, Rathbun & Co.
- WICHITA, KAN.**—Wichita Credit Men's Association. President, Guy Truex, Morton-Simmons Hdw. Co.; Secretary, W. G. Graham, Bradstreet Agency.
- WILMINGTON, N. C.**—Wilmington Association of Credit Men. President, L. B. Rogers, D. L. Gore Co.; Secretary, L. E. Hall, Hall & Pearsall, Inc.
- YOUNGSTOWN, O.**—Youngstown Association of Credit Men. President, H. W. Grant, Youngstown Savings & Banking Co.; Secretary, W. C. McKain, 607 Stambaugh Bldg.

## Directory of Officers of the Affiliated Branches of the National Association of Credit Men.

- ATLANTA, GA.**—The Credit Men's Association of Atlanta. President, Ralph Rosenbaum, Atlanta Woodenware Co.; Secretary, E. L. Rhodes, Ernest L. Rhodes & Co.
- BALTIMORE, MD.**—The Credit Men's Association of Baltimore. President, Geo. L. Irvin, Carlin & Fulton; Secretary, S. D. Buck, 100 Hopkins Pl.
- BIRMINGHAM, ALA.**—Birmingham Credit Men's Association. President, H. W. Coffin, Moore & Handley Hdw. Co.; Secretary, G. B. McVay, Amzi Godden Seed Co.; Assistant Secretary, R. H. Eggleston.
- BOISE, IDAHO.**—The Boise Association of Credit Men, Ltd. President, J. G. H. Graveley, Capital Brokerage and Comm. Co.; Secretary, D. J. A. Dirks, 12-14 I. O. O. F. Temple.
- BOSTON, MASS.**—Boston Credit Men's Association. President, William O. Wales, Brown-Wales Co.; Secretary, Herbert A. Whiting, 77 Summer St.
- BUFFALO, N. Y.**—Buffalo Credit Men's Association. President, John J. Dolphin, Jacob Dold Packing Co.; Secretary, Wilbur B. Grandison, 78 Erie County Bank Bldg.
- BUTTE, MONT.**—Butte Association of Credit Men. President, Chas. E. Virden, Ryan & Virden Co.; Secretary, R. Frank Casey, Casey Candy Co.; Assistant Secretary, Guy C. Davidson, Ind. Tel. Bldg.
- CEDAR RAPIDS, IA.**—Cedar Rapids Association of Credit Men. President, O. C. Olney, Cedar Rapids Candy Co.; Secretary, Thos. B. Powell, Magnus Block.
- CHARLESTON, W. VA.**—Charleston Association of Credit Men. President, E. A. Barnes, Abney-Barnes Co.; Secretary, Clark Howell, Capital City Supply Co.
- CHICAGO, ILL.**—The Chicago Credit Men's Association. President, S. J. Whitlock, Belding Bros. & Co.; Secretary, O. A. Ipsen, 218 La Salle St.
- CINCINNATI, O.**—The Cincinnati Association of Credit Men. President, W. B. Johnston, P. R. Mitchell Co.; Secretary, Henry Bentley, 614 Mercantile Library Bldg.
- CLEVELAND, O.**—Cleveland Association of Credit Men. President, A. J. Gaehr, Geo. Worthington Co.; Secretary, H. J. Bruehler, 505 Chamber of Commerce Bldg.
- COLUMBUS, O.**—Columbus Credit Men's Association. President, H. E. Smith, Columbus Merchandise Co.; Secretary, Benson G. Watson, 601-605 The New First National Bank Bldg.
- DALLAS, TEX.**—Dallas Association of Credit Men. President, H. S. Keating, Keating I. & M. Co.; Secretary, W. P. Peter, 904-906 Praetorian Bldg.
- DAVENPORT, IA.**—Davenport Association of Credit Men. President, George W. Noth, Davenport Bag & Paper Co.; Secretary, Isaac Petersberger, 222 Lane Bldg.
- DECATUR, ILL.**—Decatur-Springfield Association of Credit Men. President, A. J. Murray, National Grocer Co.; Secretary, Omer Fightmaster, Mueller, Platt & Wheeland Co., Decatur, Ill.
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- DETROIT, MICH.**—Detroit Credit Men's Association. President, Wade Millis, 1403 Ford Bldg.; Secretary, W. S. Campbell, 600 Moffat Bldg.
- DULUTH, MINN.**—The Jobbers' Credit Association. (Duluth-Superior). President, W. B. Cross, F. A. Patrick & Co.; Secretary, W. L. Mackay, Stone-Ordean-Wells Co.; Assistant Secretary, M. A. McNaughton, Jobbers' Credit Association.
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- FARGO, N. D.**—Fargo Association of Credit Men. President, Nelson A. Burdick, Hall-Robertson Hdw. Co.; Secretary, H. L. Loomis, N. Y. Mutual Savings and Loan Assn.
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- JACKSONVILLE, FLA.**—Jacksonville Credit Men's Association. President, R. V. Covington, Covington Co.; Secretary, J. C. Darby, W. A. Bours & Co.
- KANSAS CITY, MO.**—Kansas City Association of Credit Men. President, James McQueeney, Loose-Wiles Biscuit Co.; Secretary, Frank W. Yale, 315 Dwight Bldg.
- LEXINGTON, KY.**—Lexington Credit Men's Association. President, J. Clay Hunt, Bryan, Goodwin & Hunt; Secretary, C. L. Williamson, McClelland Bldg.
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## Directory of Adjustment Bureaus.

Bureaus for the adjustment of insolvent estates are operated in the following cities, under the authority and supervision of their local Associations of Credit Men. All are affiliated branches of the National Association of Credit Men. Address all communications on Adjustment Bureau matters to the parties named:

ATLANTA, GA.—Geo. H. Boynton, 1113 Century Bldg.  
BALTIMORE, MD.—S. D. Buck, 100 Hopkins Place.  
BOISE, IDAHO—Chas. P. McCarthy, Room 1, Pioneer Building.  
BUFFALO, N. Y.—Wilbur B. Grandison, 78 Erie County Bank Building.  
BUTTE, MONT.—Guy C. Davidson, Independent Telephone Building.  
CEDAR RAPIDS, IOWA—Thomas B. Powell, Magnus Block.  
CHICAGO, ILL.—M. C. Rasmussen, Mgr., 218 La Salle Street.  
CINCINNATI, OHIO—Henry Bentley, 6 Mercantile Library Building.  
CLEVELAND, OHIO—Frank B. Bicknell, 505 Chamber of Commerce Building.  
COLUMBUS, OHIO—B. G. Watson, 601-605 The New First National Bank Bldg.  
DALLAS, TEXAS—W. P. Peter, 214-218 Linz Building.  
DENVER, COLO.—C. N. Kinney, 409 Sugar Building.  
DES MOINES, IOWA—A. W. Brett, 708 Youngeman Building.  
DULUTH, MINN.—M. A. McNaughton, Jobbers' Credit Association.  
FORT SMITH, ARK.—Ben. D. Kimpel, 606 Merchants National Bank Building.  
FORT WORTH, TEXAS—Geo. Q. McGown, Reynolds Building.  
GRAND RAPIDS, MICH.—R. J. Cleland, 201 Board of Trade Bldg.  
INDIANAPOLIS, IND.—Indianapolis Credit Men's Adjustment Bureau, Commercial Building.  
KANSAS CITY, MO.—Frank W. Yale, 315 Dwight Building.  
LEXINGTON, KY.—C. L. Williamson, 726 McClelland Building.  
LITTLE ROCK, ARK.—Frank T. Longley, 219½ Main Street.  
LOS ANGELES, CAL.—F. C. De Lano, 600 Equitable Savings Bank Building.  
LOUISVILLE, KY.—Wm. F. Baumeister, United States Trust Co. Building.  
MEMPHIS, TENN.—Memphis Credit Men's Adjustment Bureau, Business Men's Club Building, 79-81 Monroe Avenue.  
MILWAUKEE, WIS.—S. Fred. Wetzler, 500-501 Free Press Building.  
MINNEAPOLIS, MINN.—J. P. Galbraith, 543 Gilfillan Block, St. Paul, Minn.  
NEWARK, N. J.—Harry V. Osborne, 164 Market Street.  
NEW CASTLE, PA.—Roy M. Jamison, 509 Greer Block.  
NEW ORLEANS, LA.—W. C. Lovejoy, 711-712 Canal, La. Bank Building.  
OKLAHOMA CITY, OKLA.—George E. Black, 538 Bassett Building.  
PHILADELPHIA, PA.—Edmund S. Mills, Room 801, 1011 Chestnut Street.  
PITTSBURGH, PA.—A. C. Ellis, Renshaw Building.  
PORTLAND, ORE.—R. L. Sabin, 1 Front Street.  
PUEBLO, COLO.—E. C. Abel, 501 Court Street.  
RICHMOND, VA.—Geo. B. Wilson, 1113 East Main Street.  
ST. LOUIS, MO.—A. H. Foote, 809 Mercantile Building.  
ST. PAUL, MINN.—J. P. Galbraith, 543 Gilfillan Block.  
SALT LAKE CITY, UTAH—Walter Wright, P. O. Box 419.  
SAN DIEGO, CAL.—G. F. Hoff, 403-4 Union Building.  
SAN FRANCISCO, CAL.—Ben Armer, 499 Monadnock Building.  
SEATTLE, WASH.—I. H. Jennings, 802-805 Central Building.  
SPOKANE, WASH.—J. B. Campbell, 610 Empire State Building.  
TACOMA, WASH.—J. D. Benner, 303-305 Bank of California Building.  
WICHITA, KAN.—Willis Davis, Southwestern Drug Co.  
YOUNGSTOWN, OHIO—W. C. McKain, 607 Stambaugh Building.